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Losses, Lower Rates, Competition Multiply Problems In The Business

Chief executives were asked to give their assessment of the current situation in the fire and casualty business and what they think lies ahead. Here are additional replies:

One executive does not believe things are so gloomy. He writes:

True, the fidelity and surety lines are somewhat worse than this time last year. However, I feel that we should make some money on surety and even on fidelity and surety combined.

The automobile lines constitute a perplexing problem, particularly BI. We can only hope to hold them reasonably in line and by very close attention effect a gradual improvement.

Fire and allied lines were very disappointing due to the severe winter

and the prevalence of catastrophic tornadoes. We cannot hope for a good fire year. But if we can be spared too much damage from hurricanes, there should be some improvement over what we have to show for the year to date.

Can't Make Money On HO

As to homeowners, the coverage is so broad, in my opinion, in comparison to the rates charged, that we can't make money on them. It is a sad commentary that competitive pressures should cause such a condition. But we will have to fight it out and live with the situation until some common sense prevails.

On the brighter side, I would expect to make a little money on WC and to

do very satisfactorily on miscellaneous lines such as general liability, A&S, and boiler and machinery. We expect to continue to use every effort to bring about improvement in the disturbing automobile and fire lines while counting on surety, WC, and miscellaneous lines to tide us over and produce a modest profit in the meantime.

All those in the business must face the realities of the situation. I still hope for good sound business sense to prevail, and put an end to such practices as will doom many companies to a never-ending struggle to avert large underwriting losses.

* * *

The president of one of the large
(CONTINUED ON PAGE 31)

Milwaukee Clinic Is Attempt To Perk Up Defense In BI Cases

165 Claims Men, Lawyers At Milwaukee Auto Mutual Seminar; Moot Trial Held

By RICHARD EBEL

MILWAUKEE—An attempt to generate offensive spark into the defense of personal injury cases was made at a two-day clinic conducted here last week under the auspices of Wisconsin Claim Council and Milwaukee Automobile Mutual. Robert F. Larkin, assistant general counsel of Milwaukee Auto, was chairman of the program which met with enthusiasm akin to that which the insurance industry hopes to instill in the defense.

Highlight of the clinic was a convincingly realistic moot trial at which techniques of trial were demonstrated by four Milwaukee attorneys appearing before Judge Andrew W. Parnell of the 10th circuit court. The case, involving the common intersection collision, was presented to an actual jury, and following the verdict, a critique on the defense was given.

In welcoming the 165 registrants, a majority of whom were general practicing lawyers, Robert W. Doucette, secretary of Milwaukee Auto, noted that the things that stand out most in jurors' minds are "the informal, almost vaudeville atmosphere of some of our courts today" and the "total apparent disregard for perjury." He said there is work to be done by judges, lawyers and the public "if we are to re-create in the eyes of the public the former high esteem they held for the court and its jury trial system."

Mr. Doucette charged that many lawyers do not adequately prepare for trial and pay only lip service to bettering professional standards of the legal profession. He mentioned also the need for continuing education on trial pro-

(CONTINUED ON PAGE 25)

Tenn. Approves 25% Auto Rate Rise For One Company Group

The Tennessee department has approved a 25% increase in BI rates for private passenger automobiles and a 6% increase in PHD rates for the companies in the America Fore Loyalty group. At the same time the department approved the safe driver plan for use by these companies and the package automobile policy.

The rate increases are substantially those filed last year by National Bureau and National Automobile Underwriters Assn. which Commissioner John Long Jr. turned down. The bureau then took the filing to court, where the matter is pending. Chief reason given by the commissioner for disapproving the filing by the bureaus was that the experience of all the companies was not the same in Tennessee and to approve a blanket increase would unjustly enrich some of them.

The present action suggests that insurers may have to file individually for rate increases in that state.

Fla. Field Men Elect

Florida Field Conference at its June meeting in Miami elected William K. Griffin, Hurt & Quin, president; Vere Brumbaugh, New Hampshire, vice-president, and William E. Langan, Commercial Union-North British, secretary-treasurer. Earl E. Moore, Phoenix-London, was presented a plaque in recognition of his services as president during the past year.

New York University's center for safety education will hold courses from September to January on industrial hazards, accident and fire prevention, organization of programs for motor fleets and allied subjects. Information is available from the center at 6 Washington Square North, New York.

Lawmakers Hard On Cash Sickness Bills This Year; All Fail

Having disposed of 10 compulsory cash sickness bills introduced in eight states, Insurance Economics Society concluded another successful legislative season in which 47 state assemblies convened.

For the first time, bills were introduced in Missouri and North Dakota. In both states legislative committee hearings were held at which the society took a leading part in opposition. There was considerable pressure from labor groups for legislation in Missouri, but after two committee hearings, the bill died in committee.

Gov. Guy of North Dakota favored a compulsory plan. After the senate hearing committee killed the bill, an attempt was made on the senate floor to override the committee action, but it proved futile.

Two bills were introduced in Hawaii, one being killed in the house and the other dying in committee. A legislative couplet met a similar fate in Massachusetts where one measure was rejected by the hearing committee and a second died in committee. In addition, bills failed to get out of committee in Illinois, Michigan, Nevada and Minnesota.

Avis Insurance Manager

John J. Murphy has been appointed insurance manager of Avis Rent-a-Car System at the head office in Boston. He formerly was with H. P. Hood & Sons as assistant attorney and insurance manager.

Francis E. Mann, secretary of Hartford Fire, has retired after 47 years with the company. He started in the statistical department in 1914 and later transferred to the accounting department. In 1925 he became chief accountant for the eastern department and in 1949 for the entire company. He was elected assistant secretary in 1950 and secretary in 1953.

Tulsa Hail Damage Exceeds \$1 Million; Catastrophe No. 26

Hail driven by high wind Sunday caused damage in excess of \$1 million at Tulsa, and National Board has assigned catastrophe serial No. 26 to the loss.

Damage is extensive but spotty and most of it appears to be in the southeast section of the city. Adjusters are now making surveys, but it is too early to determine the number of losses and the average loss. General Adjustment Bureau has opened a storm office there, and has moved in additional adjusters.

June Fire Losses Up 24.8%

Fire losses in the U. S. during June totaled \$103,348,000, a rise of 24.8% over June, 1960, according to the National Board. Losses for the first six months were \$635,017,000 an increase of 10.6% over the first half of 1960.



James O. Nichols (left), president American Foreign Insurance Assn., and Arturo Carvallo and Thomas Alderman of WRUL, foreign division of Metropolitan Broadcasting System, as Mr. Nichols is interviewed in English and Spanish on the subject of the Hemispheric Insurance Conference Oct. 23-29 at Lima, Peru. He will be leader of the U. S. delegation to the conference.

McCullough Takes Regulation Fray Out Of Theory Area Into Reality

Before the business barges off on what may be a somewhat radical solution to problems of regulation, it should stand back and take a long, hard look at what the problems really are. This suggestion was advanced by Roy C. McCullough, assistant general counsel of Lumbermen's Mutual Casualty, in a talk at the New Jersey chapter of CPCU symposium on regulation.

Mr. McCullough wonders if problems are really centered in the wording of the rating laws. Most of the criticism of regulation does seem to come about as a by-product of the rate filing process. Almost everywhere in the business someone can be found who is unhappy either with the process in general or some specific turn-down he or his company has received.

Yet the great bulk of rate filings

are made, approved and go along without any serious difficulty, Mr. McCullough said. There are bound to be filings that are questioned and some that are disapproved for some reason or another. Naturally the people on the receiving end of rejections are somewhat disturbed.

Mr. McCullough admitted his usual initial reaction to a rejected filing is one of annoyance, impatience and chagrin to think that the insurance department "receiving our brainchild does not immediately recognize the change as a sound, sensible and beneficial proposal requiring immediate approval."

He also confessed that there is always a strong temptation to point to the people in the department as the ones who are gumming up the works when the rating machinery does not function smoothly. This is a neat and painless way for all on the company side to "externalize the guilt."

In many cases, however, more sober reflection has finally convinced him that possibly his filing letter was somewhat less than crystal clear, or that he was wrong in assuming that the person receiving the filing would automatically recognize without being told that Mr. McCullough was only copying three or four other filings that the department had already approved for others.

He conceded that he also may have been wrong in assuming that the rating analyst who works on the filing is

already deeply versed in the intricacies of fire reporting forms or boiler U&O.

Mr. McCullough got some consolation at a sales meeting a couple of months ago. The professional conducting the meeting emphasized that in most of the industries of this country, 60% of the sales are not made until at least the fifth call.

"Why should I get so excited if I haven't been able to sell a new rate filing by the mere process of dropping it in the mail and letting the post office close the deal? My own guess is that about 30% of the grumbling involves instances where there was something lacking either in the filing or the way it was presented, which caused the complications. I might even concede that that was a factor in 30% of my own unsuccessful ventures, Mr. McCullough said.

One peculiarity of the American system that never ceases to amaze him is the speed with which everyone, particularly the lawyers, think in terms of legislative solutions. This isn't confined to the insurance business.

Somebody is always trying to remedy some problem by passing a law. However, prohibition didn't eliminate drunkenness; repeal didn't stamp out bootlegging; building codes haven't eliminated slums; new forms of municipal government haven't automatically produced efficient, honest municipal servants.

Connecticut, for example, has a
(CONTINUED ON PAGE 29)

Only Four Surplus Insurers Approved By Mass. Department

Under amendments adopted by the 1961 legislature, the Massachusetts department is tightening its regulation of surplus lines underwriting in that state. The department has published a list of approved surplus insurers and only such insurers "may be used for the placing of special brokers' surplus lines business."

The four insurers to receive the stamp of approval are London Lloyd's, Employers Surplus Lines Ins. Co. (a subsidiary of Employers Liability), Newfoundland American (Maurice H. Saval's insurer), and U. S. Liability of King of Prussia, Pa. The financial requirements have been increased to \$300,000 "net cash" available for policyholders plus \$400,000 on deposit in one of the states.

The new law, effective Aug. 1, permits a broker holding a regular broker's license to place business with a broker holding the special surplus lines license and receive a commission on the business. Surplus lines brokers must maintain a separate accounting system and report to the department by Jan. 31 all business transacted. The tax by the state remains the same, 4%.

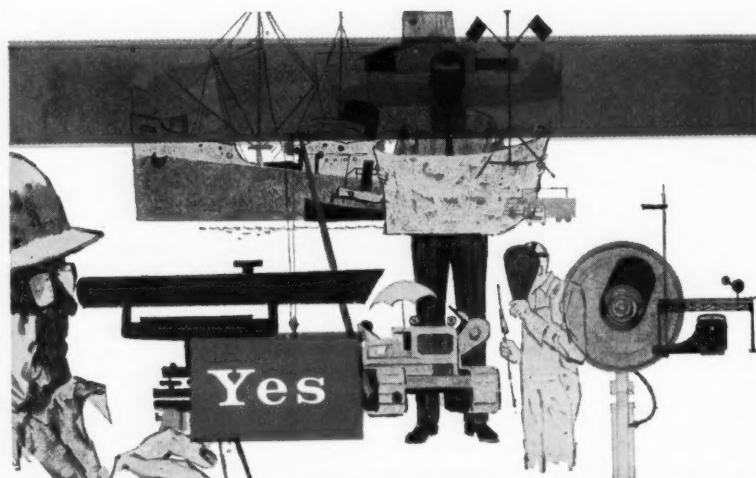
The new legislation was asked for by Commissioner Whitney.

Big Crop Losses In North Dakota, Minn.

ST. PAUL—Minnesota farmers who carried crop insurance with Federal Crop Ins. Corp. this year will collect about \$2,500,000 according to an estimate made by representatives of FCIC who have just completed a tour of this state and North Dakota. About 7,500 claims have been filed by Minnesota farmers.

In North Dakota it is estimated between \$15 million and \$20 million will be paid to FCIC insured farmers. Drouth has hit that state much harder than Minnesota.

Private insurance companies also took a beating the past week on hail losses in some parts of Minnesota. A particularly severe storm in the south central part of the state wiped out some crops.



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Panels To Feature Annual Meeting Of Insurance Lawyers

Automobile Claim Practices, Radiation Injury, Capehart Troubles Will Be Treated

A panel discussion on how to improve automobile claim practices will feature the opening day program of the insurance section of American Bar Assn. at its annual meeting in St. Louis Aug. 7-10. Section headquarters are at the Sheraton-Jefferson Hotel.

Edward H. Schroeder, vice-president Allstate, will moderate the panel on claim practices which will take place Monday afternoon. He is chairman of the committee on automobile insurance law. James A. Dooley of Chicago will discuss the subject from the viewpoint of the plaintiff. Arthur W. Agan of Syracuse will present the paper prepared by the late Lewis C. Ryan of Syracuse, which reflects the defendant's viewpoint. Dr. Edmund A. Smolik of St. Louis will give the medical side of the subject, and R. Newell Lusby, vice-president America Fore Loyalty, the insurance industry's side.

At a section breakfast Monday morning J. Harry LaBrum of Philadelphia will speak, and at the Monday luncheon Robert J. Farley, dean of the law school of University of Mississippi, will talk on "Us Lawyers Aren't Eating Well Enough."

Committee Breakfasts

Tuesday morning the section's committees will hold breakfasts—auto, rules and procedure, trial tactics, membership, public relations, publications, aviation, casualty, nuclear energy, workmen's compensation, fire, marine and inland marine, A&S, regulation, and fidelity and surety.

The committee on fire insurance law, of which Ambrose B. Kelly, Factory Mutuals is chairman, will sponsor a skit depicting a settlement conference in a fire insurer's branch office. Walter D. Hanson of Oklahoma City is the producer.

The marine and inland marine committee, of which James B. Doak of Philadelphia is chairman, will present a skit showing preparation for trial and subsequent settlement of a long-

(CONTINUED ON PAGE 34)

Duff Joins Staff Of F.C.&S. Bulletins

J. Kenneth Duff has joined the National Underwriter Co. at the home office in Cincinnati as assistant editor of the Fire, Casualty & Surety Bulletins and allied publications.

A native of Ford City, Pa., Mr. Duff has operated his own agency there, formerly his father's, since 1949. After military service, he graduated from University of Arkansas and then received a graduate degree in insurance at Indiana University. He is a CPCU and has passed three CLU examinations.



J. K. Duff

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National Fire Has Packages For Banks, Offices

National Fire has brought out two broad packages known as "Bank-Master" and "Office-Master," designed to extend advantages and packaging economies to bank and office properties.

Coverages are all-risk type for building owners or tenants, offering a broad range of property and business earnings coverages, both on and off premises, at discounted rates. Elective coverages include rents, accounts receivable, extra expense, comprehensive glass.

"Bonus" extras at no extra cost are a \$1,000 extra expense payment; \$1,000 to cover cost of research necessary to restore valuable papers and records; 10% of the aggregate contents amount to cover property temporarily elsewhere or in transit, and automatic replacement cost recovery on buildings if insurance to value is carried.

Already being marketed in 33 states,

office-master and bank-master will be introduced in additional states as approvals of filings are received

North America Pays Bank Robbery Claim In 2 Hours

The First National Bank of Saxton, Pa., was recently held up for \$19,262. Within two hours after the robbery, William T. Phillipy, Harrisburg claims representative of North America, presented a draft for the money stolen to the bank. The policy, a bankers blanket form, had been sold to the bank by Ivan White, Saxton agent.

Apartment Package Is OK'd In Five Western States

The new apartment house package policy has been approved in Utah, California, Nevada, Arizona and Montana, effective July 15 in all states.

White & Camby, New York agency, has appointed Christopher Morgan, formerly with Aetna Casualty, manager of the casualty department.

Dairyland Mutual Has Fire Affiliate In Ariz.

Great Southwest Fire of Phoenix, which recently was acquired by Stuart H. Struck, president, and other officers of Dairyland Mutual, will write a general fire and marine business as part of the Dairyland Mutual group, with emphasis on risks for which owners have difficulty in obtaining coverage through ordinary channels.

Dairyland Mutual specializes in substandard auto, and its affiliated Fortune National Life writes coverage for non-standard life risks.

Mr. Struck is the new president of Great Southwest Fire, and Walter M. Bjork, general counsel Dairyland Mutual, is vice-president. D. P. Roberts is general manager and secretary of the fire company, and Frank M. Graner, professor of finance at the University of Wisconsin school of commerce, is treasurer. The directors include Messrs. Struck, Bjork, Graner and Lester H. Laux of Waupaca, Wis., and Gordon Ingebritson of Western Springs, Ill.

Great Southwest Fire is the only domestic fire and casualty company in Arizona. It is licensed also in New Mexico, Nevada, Utah and Montana. Assets as of June 30 were \$925,000, capital \$358,000 and surplus \$492,000.

A \$150,000 new home office building will be erected at Mesa for completion Feb. 1, 1962. The building will house also the regional offices of Dairyland Mutual and Fortune National Life.

Shuts Down Two Companies

Commissioner William F. Austin of South Carolina has revoked the licenses of National Fidelity and Title Insurance & Guaranty Co. of Spartanburg. After a public hearing, the commissioner impounded the books and records of both companies and stopped the disbursement of any funds pending further investigation by the department.

Ready To Add \$400,000

R. W. Miles and James O. Garner of Memphis indicated at the hearing that interests connected with National Bankers Life of Dallas were ready to add \$400,000 to the assets of National Fidelity for 51% of its stock. That offer had been approved by National Fidelity stockholders. However, one condition laid down by National Bankers Life was that the insurance department lift its suspension and permit National Fidelity to resume operations in South Carolina. This the commissioner declined to do. However, possible sale of the company is being looked into by the commissioner.

National Savings Life, owned by National Fidelity reportedly has been sold for \$330,000 to Old National of Houston, a life company.

The two insurers are headed by A. D. Cudd Jr., mayor of Spartanburg and a partner in the general agency of Cudd & Coan.

State High Court Holds Colo. FR Law Invalid

Colorado supreme court has upheld the ruling of a female county judge, Margaret Tekavee, who does not hold a law degree, holding unconstitutional the suspension of the driver's license of a motorist who failed to show financial responsibility. The supreme court decision was on a 5-2 vote. It has the effect of invalidating the financial responsibility law, and the newspapers seized upon the occasion to say that the decision makes auto liability insurance unnecessary.

Test Case Undertaken

The law gave the state the right to suspend the license of a person involved in an accident if, after showing he was at fault, he could not show financial responsibility in the form of insurance or post bond. A test case was undertaken in 1959 after John Nothaus struck a horse. Nothaus, who was uninsured, did not deposit security to satisfy minimum judgment for damage arising from the accident. His driver's license was suspended, but the supreme court held that it would have to be returned to him because the suspension provision was unconstitutional on the grounds that "it is not conditioned on any report being made by the operator whose license is suspended. It is not conditioned on a criminal trial and a finding of guilt."

Justice McWilliams said in a dissenting opinion that financial responsibility laws similar to those in Colorado have been upheld in at least six other states.

The Colorado attorney general said the state will ask for a rehearing, and a number of insurance companies are expected to join him.

"A principle as widely accepted as safety or financial responsibility of motorists should not be scrapped just because certain aspects of the law are found to be unconstitutional," Duke Dunbar, the attorney general, declared.

Luecal Becomes MLG Of Illinois Blue Goose

Robert E. Luecal, Crum & Forster, was elected most loyal gander of Illinois pond of Blue Goose at the annual meeting at Springfield. Other new officers are Edward R. Rossi, America Fore Loyalty, supervisor; H. Marshall Schlick, Phoenix of Hartford, custodian; W. Hale Baldwin, New York Underwriters, guardian; James C. Aldridge, Phoenix of Hartford, keeper; and L. G. Hines, Ohio Farmers, welder.

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Aluminum Siding Is A Headache For Underwriters, Mutual Survey Shows

Underwriting aspects of dwellings covered with aluminum siding and/or roofing are given attention in the "Underwriting Quickie" supplement to the Mutual Reinsurer published by Mutual Reinsurance Bureau of Belvedere, Ill.

The publication solicited comments from companies, receiving 44 replies from insurers in 19 states. On the most liberal basis, it is obvious that to these companies aluminum siding is an underwriting problem. Some companies will not write dwellings with this exposure, one company will cancel if it learns insured has added aluminum siding. Two companies attach endorsements excluding coverage unless the aluminum is punctured by hail. Other companies are considering adding a question on the application which would indicate the presence of aluminum siding.

The problem is in connection with hail losses. Small puncture damage to aluminum requires extensive repairs. The cost of aluminum siding is about the same as redwood, but the installation is considerably more. Repairs are even more costly because the labor includes removal of extensive areas, sometimes on a whole side of a house. It doesn't take much hail to dent aluminum siding, and most insured want payment for this. Some companies will pay.

The "Underwriting Quickie" survey determined that several companies will accept aluminum siding risks only outside of bad hail areas, one company only after inspection. One company formerly accepted aluminum siding but now prohibits acceptance, another

wouldn't take it until the homeowners came out and now will write these risks.

It was pointed out that aluminum siding is soft, not tough enough to resist hail and wind damage. Some of the siding has an interlocking feature so that all siding has to be removed from the point of damage to the top of the building in order to make repairs. Some brands of siding are becoming obsolete and replacement is next to impossible. Some companies have found that the claim for lifetime lasting qualities of paint does not work out that way. Now that the building industry is beginning to use aluminum siding more extensively, the Mutual Reinsurer comments that only resistance on the part of the insurance industry will result in an improved product. It recommends that companies get together with fabricators and suppliers to put out a satisfactory product.

Now More Widely Used

Originally only used on dwellings, some companies have found that aluminum siding is being applied now to churches and large mansion-type homes that have been converted to other uses such as funeral homes, so that the exposed area is added to considerably.

Aluminum awnings for dwellings and trailers, or patio roofs or carports made of aluminum offer equally bad exposures, or worse, some of the companies commented. Wind and hail claims are received on all of these items, and sometimes wet snow will cause collapse of awnings. One com-

pany won't accept risks with either copper or aluminum roofs in hail-storm areas.

It was emphasized by a number of companies that it is difficult to know that an insured dwelling has aluminum siding. In about 80% of the cases one of the companies said it does not know what kind of siding the frame dwellings have. These buildings can be re-covered at any time, so the company doesn't necessarily know what it is up against until the loss occurs. Even an inspection will not always develop the information if the inspector simply drives by because aluminum siding is not that easily detected.

Pointing out the differential in exposure, one company mentioned that in a hailstorm it had three claims of more than \$1,000 for aluminum siding on risks which had no damage to their composition roofs.

Olin A. Wetzel Succeeds Father At Florists' Mutual

Olin A. Wetzel, secretary of Florists' Mutual of Edwardsville, Ill., has been advanced to executive vice-president. He succeeds his father, J. Charles Wetzel, who has retired after 34 years with the company.

Olin A. Wetzel became secretary in 1955, having joined Florists' in 1947.

Allenbaugh Promoted

Carl J. Allenbaugh has been promoted to the newly created post of assistant treasurer of the Hawaii department of treasury and regulation. Mr. Allenbaugh has been chief deputy insurance commissioner.

The Hawaii department of treasury and regulation covers a wide area of authority including banks, insurance companies, securities, non-profit corporations, etc.

Mr. Allenbaugh was appointed chief deputy insurance commissioner in 1952. Before that he was manager of the insurance department of Hawaiian Trust Co., general agent of Prudential and with the B. F. Billingham Co.

State Farm Mutual Auto has begun operations in Hawaii and Alaska. The company was licensed in those two states last year, but has not been active. Hawaiian business is directed by Charles R. Jones, and in Alaska the office at Anchorage is managed by Lawrence Boots.

New Hampshire has moved its western New York field office to 120 Delaware Avenue, Buffalo. Richard G. Algie, special agent, continues in charge.

J. H. McKenrick Joins Mutual Loss Bureau

John H. McKenrick has been named field supervisor of the loss research division of Mutual Loss Research Bureau. Mr. McKenrick has been with an independent adjusting firm in Florida. Previously he had served as staff adjuster and branch manager for Western Adjustment in Ohio. In his new post he will maintain liaison with independent adjusters throughout the U.S. in connection with the bureau's program for closer supervision of adjustments for member companies, check adjusted losses and local adjustment situations, and participate in handling of the bureau's catastrophe program.

Klem Elected Chairman Of Insurance Society Of N.Y.

Walter Klem, senior vice-president of Equitable Society, has been elected chairman of Insurance Society of New York. He succeeds Alan O. Robinson, vice-president of America Fore Loyalty group.

Other officers elected were Walter E. Beeson, Great American Life, senior vice-chairman; J. Baxter Gentry, Johnson & Higgins, brokers, vice-chairman; E. C. Niver, New York Board of Fire Underwriters, treasurer; Paul Willemssen, Sterling Offices, reinsurance intermediaries, secretary, and Arthur C. Goerlich, reelected president for a fifth term.

Directors elected were John Diemand, Insurance Company of North America; Carl E. McDowell, American Institute of Marine Underwriters, and Charles W.V. Meares, New York Life.

Buy Fort Lauderdale Agency

B. Irwin Emery and Gerald F. Richardson have purchased full control of Greep, Merrill, Richardson & Edwards agency at Fort Lauderdale, Fla. The agency, which has a volume of almost \$1 million, has been renamed Emery-Richardson & Associates. Mr. Emery is president and treasurer, Mr. Richardson executive vice-president and secretary, Arthur B. Lewis vice-president, and Kenneth Thomas comptroller. Mr. Richardson formerly was mid-west manager of Atlantic Mutual. Mr. Lewis, until recently was assistant to the president of C. J. Simons & Co., general agents and brokers, New York.

New officers of Walla Walla County Insurance Assn. are: President, Ralph L. Knudsen; vice-president, J. F. McDonald; secretary-treasurer, Earl Gilman.

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N805—CHGO.—BOND SUPERV.—\$10,000
Age to 40. Coll. grad. At least 8 years Fid.-Sur. under/prod exp. Manage Bond Dept. A-1 Company.

N806—NEB.—FIRE SPEC AGT.—\$8,500
Age to 45, 8-10 yrs. Neb. Fire field exp. acquired with Agency System Company.

N807—IOWA—MULT. L. SPEC. AGT.—\$7,500
Progressive company. Pronounced advancement potential for individual with Agcy. Syst. Fid. Exp.

N808—ILL.—MULT. PER. UNDR. SUPR.—\$7,500
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Age to 40, legal degree. At least 8 yrs. Home Office claims managerial experience.

N810—GA.—CAS. SALES SUPR.—\$8,500
Age to 35. Coll. grad. Seven years cas. sales experience acquired on company level.

N811—OKLA.—CAS. SPEC. AGT.—\$8,500
Age to 40. College degree. Min. 6 yrs. Okla. field exp. handling all types casualty risks.

N812—N. CAR.—FIRE SPEC. AGT.—\$8,000
Age to 38. Some coll. Require thorough knowl-

edge agency plant conditions. N.C. managerial potential.

N813—TEXAS—COMP-LIAB. UNDR. SUPR.—\$7,800

Stock company. Manage established department. Five years comp-liab. specialization.

N814—TEXAS—FIRE SPEC. AGT.—\$7,500

Age to 35. College grad. Min. 5 yrs. Agency System Co. exp. Good job stability record.

N815—MISS.—FIRE UNDERWRITER—\$6,500

Stock Co. position requires 6 yrs. co. fire undr. exp. Complete familiarity with Conference regul.

EAST

N816—N.Y.—CAS. CONTROLLER—\$12,000

Age to 45. Accounting degr. Eight yrs. H.O. contr. dept. exp.—Annual state, taxes, etc.

N817—N.Y.—JR. CAS. ACTUARY—\$9,000

Age to 35. Degree in Act. Science. Four years insurance company experience.

N818—PA.—CAS. SPEC. AGT.—\$6,800

Age to 45. Five years Agency System field exp.

WEST

N819—ALASKA—ACCOUNT EXEC.—\$9,000

Age to 35. Requires mult. line production exp. plus admin. potential. Co. of excellent reputation.

N820—OREGON—CAS. UNDR.—\$7,500

Age to 35. Well-know progressive Agency Syst. Co.

N821—S. CAL.—CAS. UNDERWRITER—\$7,200

College background. Five years auto-liab. exp.

N822—N. CAL.—CAS. UNDERWRITER—\$6,800

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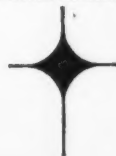
WE NEVER GOT A HIT... YET WE "ASSURED" THE SERIES FOR PIRATE FANS

Pittsburgh, October 13. So far, the Bucs and Yanks have split . . . three games apiece. Now it's the last of the ninth in the final game . . . tie score. After 62-and-a-half nerve-shredding innings—until Pirate Bill Mazeroski's fence-clearing blast—the outcome of the 1960 World Series remained in doubt.

But never in doubt was the fact that every Pittsburgh fan who'd been mailed a World Series ticket would get a

chance to see his game—if it were played. Pirate management and the specialists at National Union Insurance Companies had seen to that. Each of the thousands of mailings of World Series ducats was covered by a specially designed National Union policy.

This package was created and sold by an *Independent Agent* . . . typical of the outstanding professionals who prepare and service America's finest insurance.



National Union Insurance Companies
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Casualty • Fire • Inland Marine • Ocean Marine



Wetzel Enters Cal. With Horton As Executive V-P

The Scott Wetzel Co. of Salt Lake City has opened an office in Los Angeles at 520 South Virgil Avenue.

Benjamin Horton has joined the Wetzel Co. as executive vice-president of the California division.

Scott Wetzel founded his adjusting firm in Salt Lake City in 1940 as a one-man office. It has expanded to become the largest independent adjusting firm



Benjamin Horton (left), executive vice-president of Scott Wetzel Co.'s California division, and E. Scott Wetzel, president (center), accept keys to their new offices from Charles H. Thompson, resident vice-president American Ins., in whose building the new California offices of the Wetzel Co. are located.

in the intermountain west. Offices are maintained in Utah and Idaho, and as the Batjer-Wetzel Co. in Colorado and New Mexico.

Benjamin Horton founded Horton Adjustment Co. in Louisville in 1940.

The company covers a territory encompassing Kentucky, Indiana and Ohio. Horton Adjustment has been divided into two separate firms—Coons & Horton, serving Indiana and Ohio; and Horton, Haberlin & Wilson, with offices in Louisville, serving Kentucky.

Mr. Horton retains active chairmanship of both corporations, although he has moved his family to Los Angeles since his affiliation with Scott Wetzel. A CPCU, he is a past-president of National Assn. of Independent Insurance Adjusters.

Assisting Mr. Horton in Los Angeles is Don C. Hoefner. A vice-president in the Wetzel Co. California division, Mr. Hoefner was recently chief casualty claims supervisor for a large multiple line company.

Barrows Goes With Aviation Insurer

John C. Barrows, formerly controller and vice-president of American Surety, has joined U. S. Aviation Underwriters as underwriting analyst, a newly created position. He will report directly to the executive department.

Mr. Barrows is a past president of Assn. of Casualty Accountants & Statisticians and has served as chairman of national committee of Controllers Institute of America.

Jones To Merchants Fire

Merchants Fire of New York has named Charles V. Jones field representative at Jacksonville. He succeeds Archibald O. Ohlhaber, retired, in supervision of Florida and other southern states.

Mr. Jones was formerly in the general agency business in Florida.

Fraudulent Claims Hit By Articles In Seattle Times

To alert the public to the effect fraudulent claims have on insurance premiums, the Seattle Times assigned two staff writers to investigate the many dodges employed by car insurance cheats.

In cooperation with Western Insurance Information Service, staff writers Stanton Patty and Donald Duncan reviewed volumes of material on claims, interviewed attorneys, claims men, adjusters and investigators, and then went into the field for a month to personally document cases of insurance fraud.

The result of their research was a hard-hitting series entitled "Car Insurance Cheats Steal Millions on False Claims."

In over 250 column inches, they explored the claims-conscious age with its faked accidents, fraudulent claims and other dishonest procedures that plague the insurance industry across the nation and keep rates high for the motoring public.

According to John E. Hammond, northwest manager WIIS, Seattle, insurance companies are in business to pay claims promptly, courteously and fairly. The insurance company's product is financial protection. But, while at least 90% of the public is honest, the other 10% attempt to get something for nothing.

The series emphasized that a double standard of morality seems to exist when doing business with insurance companies since the myth that insurance companies are big, impersonal "money bags" persists. Drivers who wouldn't steal a four cent stamp will fudge a few dollars on a routine accident claim. And there are a few scheming doctors and lawyers who are eager to team with claimants to build up accident claims for big profits.

After being told by insurance men about indications of "build-ups" involving doctor-lawyer teams, a newsman, using an assumed name, contacted a doctor known in the industry as a specialist in building up so-called

(CONTINUED ON PAGE 33)

Hold L.A. County At Fault For Slippage At Portuguese Bend

One of the big subrogation wins in modern insurance history was recorded at Los Angeles this month when Los Angeles County was held responsible for the Portuguese Bend earth slippage which either severely damaged or totaled approximately 115 homes. In a 101-page opinion, Superior Judge Richards found that a county street project was the proximate cause of the massive earth movement beginning in August, 1956.

Judge Richards agreed with opinions of engineers and geological experts that added pressure from the filled-in areas of the county project brought about the slippage. He rejected the county theory that irrigation, sprinkling and use of septic tanks in the residential area provided lubricants on which the already unstable section of the Palos Verdes peninsula began to move precipitously.

The court's decision came after trial of liability since Jan. 9, 1961. The damage phase is to be presented later in the year. Some 123 homes are involved under subrogation rights, or individual property-owners. Claims of insurance companies having paid primary losses, and individual property owners are estimated at \$3,624,522.

Policy Typing Service Organized At St. Louis

A policy typing service similar to those in operation at San Francisco and in other metropolitan areas has been established by Insurance Board of St. Louis. A number of agencies have already contracted for the service, according to B. G. Gregory, executive secretary of the St. Louis Board.

A pool of girls, former insurance office employees, will do the typing as part-time work at their homes, enabling subscribers to eliminate their work backlogs. It has been estimated that operating costs of typing pools within companies and agencies can be reduced as much as 50% as a result of the pool.

N. C. Acts On Deviations

Commissioner Gold of North Carolina has rejected 10 requests for deviations in auto liability, in compliance with a 1961 law prohibiting deviations in that line. In addition, he has rejected requests from four companies for deviations in other lines and approved deviations for 21 companies.

Companies turned down were American National Fire and Harleysville Mutual, both requesting 10% deviations on auto fire, theft and comprehensive; Merchants Fire, 10% on homeowners, and Utica Fire, 15% on homeowners and commercial property.

Among filings approved were Allstate—10% auto PHD except collision, 20% collision, 15% fire and allied lines, and 10% homeowners; Cambridge Mutual—10% homeowners; Government Employees—30% auto PHD, 25% fire and allied lines and 15% homeowners; Great American—10% homeowners; North America—10% fire (certain classes), 10% homeowners, and 5% combination motel; Nationwide Mutual—10% homeowners; State Farm Mutual—20% auto PHD, and Utica Fire—15% fire and allied lines, 20% auto PHD, and 15% glass.

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Finds Buyer Favors Packages, Automation, And Pay Geared To Service Agent Gives

In current controversial discussions of prior approval, automation, package policies, and the like, the insurance buyer appears to be a forgotten man, George M. Betterley, insurance consultant of Worcester, Mass., told the annual meeting of New England Insurance Agents Assn. at Manchester, Vt. Yet his demands have given rise to the very issues at stake. It is he who will ultimately determine the destiny of today's insurance business.

Too often the insurance industry considers such weighty matters as rate regulation, non-admitted insurers, or new policy forms without inviting help and opinions from the buyer, Mr. Betterley said. A notable exception was the development of the nuclear energy property and liability forms, on whose design buyer and seller worked together.

Buyers have neither the right nor the desire to say how to run the business, Mr. Betterley said. But they do welcome a chance to be heard and to give constructive criticism. Conceding that as adviser to businesses on insurance problems he knows more about commercial than personal lines, nevertheless he suggested that both segments of the market have somewhat similar views and reactions to current trends.

Buyer Is Sophisticated

Today's insurance buyer is intellectually more mature than his predecessor of 30 years ago. He has many sources from which he can acquire knowledge to aid him in his responsibilities. The largest organization whose membership is confined solely to buyers of insurance is American Society of Insurance Management, which has 1,167 members, including some of the best known corporations in the U.S. and Canada. These firms spend more than \$5 billion annually in premiums, exclusive of group and employee benefits insurance. This represents about one-third of the total fire and casualty premium volume.

There is emerging the professional risk manager who no longer sees his task as simply buying adequate insurance at reasonable cost but instead the protection of corporate assets through the practice of risk management; i.e., risk analysis, risk assumption,

tion, risk abatement, and risk transfer. The professional risk manager does not look upon insurance as his sole answer but one of the avenues of solution open to him.

Mr. Betterley does not think the insurance business as a whole has been in tune with this philosophy. This is due to the fear that whenever a buyer finds a way to eliminate the need for

insurance, there is a permanent shrinkage in the market. But his firm's experience, he said, has shown that often the premium saved by assuming smaller losses is reinvested in the purchase of more adequate protection against the very serious, perhaps seemingly remote loss which, if it ever did occur, would create serious financial impact.

Favors Package Policies

Package policies reflect a long felt wish by buyers for broader, simpler coverage, and fewer policies, he said. Paper work is reduced, there is less

fine print to read, less chance for gaps or duplication in coverage, and more centralized control. Buyers were largely responsible for the first multiple location floater and personal property floater policies, then the block policies, and finally the commercial property and industrial property coverages. The comprehensive crime policy and comprehensive general liability policy are package policies that tie together what were once numerous separate schedule contracts.

Deductible insurance is steadily gaining in favor among insurance

(CONTINUED ON PAGE 27)



Continental policies are always **GOOD NEWS** to Agents

VOLUME 1

JULY, 1961

NUMBER 7

Continental Casualty Accepts 97% of Impaired A & H Risks

Even Covers People Who Have Had Cancer, Diabetes, Heart Trouble

Many Advantages for Alert Producers

Continental Casualty's Qualified Risk A & H Coverage offers alert agents and brokers a welcome opportunity to fulfill their role as professional insurance men; they are able to offer impaired risk clients the protection they most need and many find difficult to get. With Continental Casualty's Qualified Risk Coverage, you can be a hero and add to premium volume, too!

Covers Recurrences of Serious Disabilities

Continental's unique coverage is not to be confused with usual sub-standard policies. Ninety-seven percent of all applications have been accepted . . . with coverages given for a recurrence of the impairment, even of such serious disabilities as cancer, diabetes, heart trouble and many others. Because of this, the well-informed agent channels his impaired risk business to Continental. Available plans include Basic Hospitalization, Income Protection and Catastrophe Hospitalization.

Excellent Source of Referral Business

Producers find that the enthusiasm of the insureds generates sizable numbers of referrals. It's hard to find any coverage that will produce so many additional good prospects.



Qualified Risk Insurance is just one of a long line of easily salable Continental Casualty Policies. Watch for this page every month for news about other profit-makers.

West Mich. Health Agents Elect Kessler President

Leonard F. Kessler, Mutual of Omaha, Grand Rapids, has been elected president of Western Michigan Assn. of Health Underwriters. Other new officers are John R. Morrill, Continental Casualty, Wayland, president-elect; John Oudshoorn, American Hospital-Medical-Surgical Association, vice-president; and Mrs. Gertrude Knight, Mutual of Omaha, Wyoming, secretary-treasurer.

Deardorf In Wash. Field

Robert J. Deardorf has joined United F.&C. as special agent for Washington. He has been manager at Seattle of Zurich.

Longtime Seattle Agent Retires

Sam L. Russell, veteran Seattle agent who has been in the business since 1907, has retired. At 80, he is the oldest member of King County Insurance Assn.

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Conventions

- July 16-22, National Assn. of Claimants' Compensation Attorneys' Bar Assn., annual, Statler-Hilton Hotel, Boston.
- Aug. 6-10, Honorable Order of the Blue Goose, annual, Statler Hotel, New York City.
- Aug. 10-12, Louisiana mutual agents, annual, Edgewater Gulf Hotel, Edgewater, Park, Miss.
- Aug. 13-16, West Virginia agents, annual, The Greenbrier, White Sulphur Springs.
- Aug. 17-19, Texas mutual agents, annual, Texas Hotel, Ft. Worth.
- Aug. 20-22, Montana agents, annual, Finlen Hotel, Butte.
- Aug. 21-22, South Dakota agents, annual, Marvin Hughitt Hotel, Huron.
- Aug. 21-23, International Federation of Commercial Travelers Insurance Organizations, annual, La Fonda Hotel, Santa Fe, New Mexico.
- Sept. 7-8, Utah agents, annual, Newhouse Hotel, Salt Lake City.
- Sept. 7-9, New Jersey agents, annual, Traymore Hotel, Atlantic City.
- Sept. 7-9, New Mexico agents, annual, La Fonda Hotel, Santa Fe.
- Sept. 10-12, Kentucky mutual agents, annual, Kentucky Hotel, Louisville.
- Sept. 10-12, New Hampshire agents, annual, The Balsams, Dixville Notch.
- Sept. 11-12, Minnesota mutual agents, annual, Radisson Hotel, Minneapolis.
- Sept. 13-15, Minnesota agents, annual, Kahler Hotel, Rochester.
- Sept. 14-15, Conference of Mutual Casualty Companies, sales & agency conference, Conrad Hilton Hotel, Chicago.
- Sept. 14-15, Oregon agents, annual, Eugene Hotel, Eugene.
- Sept. 17-19, Indiana mutual agents, annual, Marrott Hotel, Indianapolis.
- Sept. 17-19, West Virginia mutual agents, annual, Frederick Hotel, Huntington.
- Sept. 17-20, Idaho agents, annual, Sun Valley Lodge, Sun Valley.
- Sept. 17-20, International Claim Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.
- Sept. 18-19, Vermont agents, annual, Woodstock Inn, Woodstock.
- Sept. 18-20, Michigan agents, annual, Grand Hotel, Mackinac Island.
- Sept. 19-22, Mutual Loss Managers Conference, annual, Edgewater Beach Hotel, Chicago.
- Sept. 20-22, Kansas mutual agents, annual, Jayhawk Hotel, Topeka.
- Sept. 20-22, Washington agents, annual, Chino Hotel, Yakima.
- Sept. 25-27, National Assn. of Insurance Agents, annual, Dallas, Texas.
- Sept. 27-29, Society of CPCU, annual, Sheraton Park Hotel, Washington, D. C.
- Oct. 1-4, National Assn. of Mutual Insurance Companies, annual, Statler Hotel, New York City.
- Oct. 3-5, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.
- Oct. 5-6, New England mutual agents, annual, Wentworth-by-the-Sea, Portsmouth, N. H.
- Oct. 5-7, Arizona agents, annual, Bright Angel Lodge, Grand Canyon.
- Oct. 8-11, North Carolina agents, annual, Carolina Hotel, Pinehurst.
- Oct. 8-10, Missouri agents, annual, Governor Hotel, Jefferson City.
- Oct. 8-11, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, annual, The Greenbrier, White Sulphur Springs, W. Va.
- Oct. 10, Insurance Economics Society, annual, Edgewater Beach Hotel, Chicago.
- Oct. 15-18, National Assn. of Mutual Agents, annual, Sheraton-Cadillac Hotel, Detroit.
- Oct. 16, Rhode Island agents, annual, Sheraton Biltmore Hotel, Providence.
- Oct. 16-18, Michigan mutual agents, annual, Sheraton-Cadillac Hotel, Detroit.
- Oct. 17-18, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.
- Oct. 19-22, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.
- Oct. 19-22, Kansas agents, annual, Broadview Hotel, Wichita.
- Oct. 22-24, Ohio agents, annual, Deshler Hilton Hotel, Columbus.
- Oct. 23-25, South Carolina agents, annual, Francis Marion Hotel, Charleston.
- Oct. 23-29, Hemispheric Insurance Conference, Lima, Peru.
- Oct. 25, National Independent Statistical Service, annual, La Salle Hotel, Chicago.
- Oct. 29-31, Insurers of Tennessee, annual, Andrew Jackson Hotel, Nashville.
- Oct. 30-Nov. 1, California agents, annual, Biltmore Hotel, Los Angeles.
- Nov. 5-7, Illinois agents, annual, Chase & Park Plaza Hotels, St. Louis, Mo.
- Nov. 13-14, Illinois mutual agents, annual, Pere Marquette Hotel, Peoria.
- Nov. 13-15, Health Insurance Assn., individual insurance forum, Sheraton Hotel, Philadelphia.
- Nov. 13-15, Mutual Insurance Technical Conference, Edgewater Beach Hotel, Chicago.



Safety Salesman

Yes, he's actually a safety salesman, our engineer. And when he "sells" safety measures, everybody stands to benefit — the agent, the insured and his employees, even the general public.

That's why more and more agents are calling for the Trinity Universal safety engineer. They've learned that he's well-trained, highly competent — a real "pro."



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Underwriter-Field Man Not Interested Enough In Making Sale, Agent Charges

Robert F. Noland, vice-president and secretary of the Mel Foster Co. agency of Davenport, writes:

Several years ago producers were congratulating themselves on the demise of the old fashioned company field man. This individual, in the ardent pursuit of business, usually had only his wit, personality, desire, and a fairly liberal entertainment expense account to endear him to the agent. Ordinarily lacking technical knowledge, he was a producer but surely not an underwriter.

Now all this has changed, and when the change became evident, it appeared to be a happy one. The old pattern disappeared and a new one appeared, in the form of a less affluent, younger and more highly trained company representative. What he lacked in the art of salesmanship, he more than made up in knowledge. We were pleased to find he didn't take up our time with idle chitchat, but busied himself with our office help in disposing of commission differences, leafing through follow-up papers and in general being useful. Sometimes he would end his agency call by asking if he could help, and then left. The salesman was no longer a visitor to our agency, he had been replaced by the underwriter.

Ah, bliss—we agents had at last what we wanted. Or so we thought until it once again became evident that extremes of anything are undesirable, and that this held true in the insurance business as well as any other. The old type salesman was bad, but at the opposite extreme the new type underwriter representative is just as bad. Possibly worse.

What has happened to the lean, hungry men that used to call on us? Obviously they are gone and just as obviously been replaced by a new breed of stereotyped, well dressed and well fed bright young men. This new style is bright, particularly bright in

underwriting, and anyone who has been in the insurance business long enough to be seasoned knows that it is easier for an underwriter to say "no" than it is for him to say "yes."

It is also equally apparent that the agency companies are engaged in a life and death struggle with the direct writers, and the question arises as to how good a job this type of field man is doing for his company and its agent.

Because of this ever increasing attitude on the part of field men (and I admit now, there are exceptions), this agency had to hire another man, whose principal responsibility will be underwriting. We have always "underwritten" on an agency level, but now we need the services of a good man just to place normally good business.

The company field man tells the agent, whom he presumably feels has a problem, that he, the agent, can do better by taking the matter up directly with the company, than he, the field man, can. This can only be the result of a lack of aggressiveness or just plain inability on the part of the field man. That type of field man, plainly speaking, is definitely not hungry.

Cites Incident

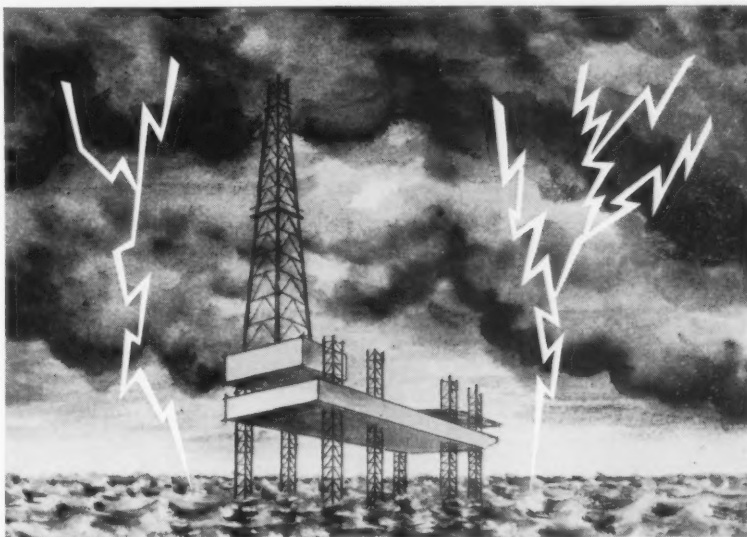
In one recent eight hour working day the following happened in my agency to illustrate the point. In the first case, the buyer asked that his desirable insurance account be switched from one company to another because the second company was handling his contract bonds. The file was presented to the field man, to have his company renew the business. The day after receiving the line file, he returned to his home office and called us to tell us "that he had good news for us, the company would write the business." In other words, he honestly thought he was doing us a favor in getting the business placed.

Within that same period a large block of normally desirable dwelling

house business was offered to one of our companies. This is unusual and it should be explained that it consisted of the properties of a wealthy deceased insured whose estate was being administered by a bank. Had the dwellings been offered piecemeal, and in the names of different ownerships, any company would have jumped at the business. Because it was offered as a block, such nonsense as loss ratios and average age of buildings arose—obviously the underwriter was suspicious of the sly agent. The field man made no effort, stating that the agent

could do more with the company than he could. It then became necessary for us to call the company, at our expense, to try to convince them that the offering was sound.

The pendulum has completed one half of its cycle—the field man has completed his metamorphosis from a salesman to an underwriter. We don't want to go back all the way to the salesman, but wouldn't a little swing on the part of the pendulum in that direction, maybe half way, be desirable for everyone concerned? Certainly it would ease the agent's job!



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From the earliest days of exploration for oil and gas offshore in the Gulf of Mexico to present offshore drilling worldwide, we have been working with insurance agents and brokers to provide sound and reliable insurance protection for their clients' drilling and production equipment.

To do the best for your clients and to retain their good will, take advantage of our specialized experience and know-how—and our extensive facilities for broad coverage, sound continuing markets, and unexcelled loss handling by experts.

Ask those who use Southern Marine's service how well it works for the assured.

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SOUTHERN MARINE & AVIATION
UNDERWRITERS, INC.

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A. F. Shaw & Company is now writing the only real medical payment plan for assigned risk pool automobiles... the only plan with the same provisions as standard basic domestic medical payment policies! Here's a coverage with a huge potential... currently over 53,000 motorists are in the assigned risk pool in Illinois alone.

Written with limits of \$1,000, the annual premium is nominal. Get more facts about this important coverage... call or write A. F. Shaw today

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EXTENSIVE MARKETING FACILITIES

175 W. JACKSON BLVD. • CHICAGO 4 • WABASH 2-1068

Casualty Assn. Names Standing Committees

Assn. of Casualty & Surety Companies has made appointments to its standing committees.

Named to the executive committee are Aetna Fire, American Casualty, Glens Falls and Hanover. Charles J. Haugh, Travelers, is a member and William E. Pullen, U.S.F.&G., vice-president of the association, is an ex-officio member.

New members of the advisory committee to the accident prevention de-

partment are Aetna Fire, Employers Liability, Glens Falls, Springfield, Standard Accident, and Travelers.

Other committee appointments are: Blanks—Commercial Union-North British, London & Lancashire and Travelers; budget—Travelers; casualty advisory—Commercial Union-North British and Travelers; industry advisory on uninsured motorists—America Fore Loyalty and Travelers; advisory to claims bureau—Boston, London Assurance, Security-Amsterdam and Travelers.

Other appointments to committees

are: Conference—Aetna Casualty, American, American Surety, North America and St. Paul F.&M.; law—Commercial Union-North British and Travelers; membership—Hanover and New Hampshire; public relations—American, Camden, Providence Washington and Travelers; research advisory—Phoenix of London; surety advisory and surety law—Travelers.

Commissioner Harry S. Smith of Delaware has appointed Andrew L. Burks of Millsboro as deputy commissioner.

Springfield-Monarch Has New Product Unit

A new product section has been organized by Springfield-Monarch group under the management of James F. Lawsing, Wesley J. Kinder and Gerald J. Carty. The section will develop and promote new property and casualty package policies and new coverages to fit the public's "fast changing insurance needs." The new section will be part of the property and casualty marketing division under the supervision of Vice-president Wilfred G. Howland.

Mr. Lawsing joined Springfield as assistant secretary in 1955 and was elected a secretary in 1957. He has been in charge of casualty underwriting for the northeast. Mr. Kinder formerly was an assistant secretary of Standard of Tulsa, which recently became affiliated with Springfield-Monarch. He was awarded the CPCU designation in 1954. He has had 20 years of experience in property underwriting. Mr. Carty joined Springfield in 1951 as supervising examiner in the claim department. He was promoted to home office special assistant in 1958, and to superintendent of the state filings department in 1959.

Minn. Deputy Resigns

ST. PAUL—Charging that the state insurance department's policies are "incompatible" with the insurance industry, Howard Peterson, assistant manager of the rating division, has resigned effective Aug. 11. In a telegram to Gov. Andersen announcing his resignation, Mr. Peterson cited the "incompatibility of the operations of the department with the industry it is designed to regulate."

Commissioner Cyrus Magnusson said Mr. Peterson's charge was "completely incorrect."

"We have the best relationship and liaison with the industry and with the agents that one could contemplate," the commissioner said. He described Mr. Peterson as a "very efficient person but an unhappy one. He doesn't feel he has been receiving a salary in keeping with his ability, and I think he is right."

Mr. Peterson's salary of \$8,000 is set by the legislature.

Allstate Names 5 Sales Managers

Allstate has appointed five district sales managers. They are George Sajak at Skokie, Ill.; Richard A. Smyth at Harrison, N. Y.; William C. O'Brien, Milwaukee; John C. Yost, Cleveland; and Lewis W. Powers Jr., Valley Forge, Pa. In addition, Thomas R. van Berkel has been appointed personal service division manager at Murray Hill, N. J.

W. M. Dickinson Co. and Walter F. Smith Co., Trenton agencies, will merge Oct. 1. The real estate operations of Dickinson agency will remain separate under direction of Vincent F. Bradley, assistant treasurer.

THE OLDEST INSURANCE COMPANY IN THE WORLD

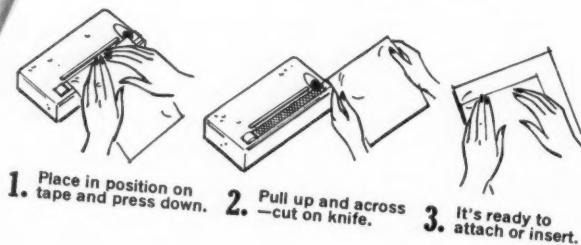


55 FIFTH AVE., NEW YORK

It sticks on both sides! That's why "SCOTCH" BRAND Double-Coated Tape #665 attaches riders and endorsements so quickly, so neatly. It works like a ribbon of glue, but without the goo. No more sticky fingers. No more spills, spots or wrinkles in important documents. And no staples to snag or bulk up files!

It mounts attachments double-quick!

Used with its C-12 Applier, "SCOTCH" Double-Coated Tape makes attaching riders and endorsements as easy as 1-2-3!



"SCOTCH" IS A REGISTERED TRADEMARK OF THE 3M CO., ST. PAUL, MINN.
MINNESOTA MINING AND MANUFACTURING COMPANY
... WHERE RESEARCH IS THE KEY TO TOMORROW



FAST SERVICE FROM FARMERS

"It was my first accident—and no one's fault, really. I had arrived to avoid hitting a dog on the highway and ran into a telephone pole. Now I was in trouble. I didn't have Farmers Auto Insurance at the time, but I do now. The reason is Farmers service. You really do get fast service from Farmers."

FAIR SETTLEMENT OF CLAIMS

"About five minutes after my accident a car stopped and the man asked if he could help. I told him that I'm a country nurse and had to get to the next town as quickly as possible. He said that he was a Farmers representative. He got all the information he knew my insurance company would want. Then he drove me to my destination."

FRIENDLY PEOPLE AT YOUR SIDE

"He told me that Farmers insures more trucks than any other company, and maintains a fleet of cars like his to patrol the nation's highways. They check truck speeds, reroute trucks in unsafe areas and generally make driving safer for all of us. He was so friendly and so very helpful that I switched to Farmers. And, you know, my rates are lower with Farmers, too!"

US LOW RATES

"After this experience, I'm sold on Farmers. My policy not only gave me the coverage I needed, it also saved me over \$40 a year on my insurance. Then, too, that fine service doesn't cost a penny extra."

Farmers Auto Insurance
CALL FARMERS INSURANCE GROUP

Advertising that Helps Agents Sell

"Two years ago we started an institutional advertising campaign in national magazines, in which LOOK has played a prominent part. Our advertising followed a definite pattern, now familiar to millions of car owners. A series of dramatic examples tells the story of Farmers' Fast, Fair, Friendly Service. This theme has not only become accepted by the public as descriptive of Farmers; it has created a company image that is uniquely Farmers."

These words were said by Robert Early, First Vice-President in Charge of Production, Farmers Insurance Group. Mr. Early's statement helps to pinpoint the marketing support that Farmers is able to provide for its agents through a consumer advertising program.

A Basic Concept Maintained

The goals of Farmers Insurance Group have been maintained with integrity since the inception of the group. To quote Mr. Early again: "Our marketing philosophy has not basically changed since the founding of the First Exchange in the Farmers Insurance Group. All our plans since 1928 have evolved from two principles: to build our service to the highest degree of efficiency, and to furnish the public with the broadest coverage at the lowest cost possible consistent with sound business principle."

This philosophy pervades all companies in the Farmers Insurance Group."

Today, there are five companies in the Group. Through these five companies, Farmers' agency force can supply complete coverage protection for the family, home, automobile, trucks, cargo or business—casualty, fire, inland marine, surety and life insurance.

A Helping Hand to the Agent

The Farmers Insurance Group operates under the agency system. Each agent is an independent businessman, holding a contract with the group, agreeing to represent the group exclusively and to be guided by its company principles and policy. Farmers backs up its agents strongly and in many ways. Through its "advertising-aid" program to district managers and agents, local tie-ins have been made to the basic organization theme through radio, television and newspaper advertising. Company material supplied to the agency force also features the "Fast, Fair, Friendly" theme.

Regional Advertising Opens New Doors

With the advent of regional editions of national magazines, in which LOOK Magazine played a pioneering role, Farmers Insurance Group made its first attempt to reach an influential audience, throughout its operating territory. Farmers' ads appear in The Saturday Evening Post, Reader's Digest, Life, True, Sunset and Improvement Era as

well as in LOOK. Agents have been enthusiastic, commenting frequently on the importance of this prestige in its advertising program.

Merchandising Plays an Important Part

Merchandising heavily supports the magazine advertising. Counter cards, intriguing mailings and more permanent reminders are used throughout the year to reinforce Farmers' image. Agents are urged to carry at least one of the magazines with them on their calls to use as a sales tool.

"During 1961," says Mr. Early, "we are continuing our campaign in the same national media as heretofore. LOOK Magazine again plays a prominent part in our advertising."

LOOK

The exciting story of people . . . what they do, what they feel, what they want, what they think . . . an ever-changing story told with warmth, understanding and wonder.

Reaching into 18,460,000 households with a single issue

Liability Institute In Executive Changes

At its annual meeting American Institute for Property & Liability Underwriters made the following executive changes: S. S. Huebner from chairman to chairman emeritus; Hubert W. Yount, executive vice-president Liberty Mutual, from president to chairman; Harry J. Loman from dean to president and Edwin S. Overman from assistant dean to dean.

Arthur C. Goerlich, Insurance Society of New York, was elected

secretary; F. Harman Chegwidien, Camden Fire, treasurer, and Robert Dechert, Philadelphia attorney, counsel.

Herbert P. Stellwagen, executive vice-president North America, has been raised from term trustee to life trustee. William E. Newcomb, chairman and president Great American, and Mr. Chegwidien have been elected term trustees.

Home Indemnity has elected Carl Typermass, formerly controller, a director.

State Fund Assets Pass \$1.1 Billions

In 1960 the 18 state compensation funds across the country wrote \$361,023,873 in premiums, and their assets increased to the imposing figure of \$1,187,902,177, according to figures published in the Argus Fire & Casualty Chart. These are the funds that write workmen's compensation and, in states where it is in force, non-occupational disability coverage.

Despite the recession and unemployment, in very few of the 18 jurisdic-

tions was the premium volume less in 1960 than in 1959. In California premiums rose from approximately \$59 million to \$71 million. In Ohio they went from \$90 million to \$108.7 million. In Arizona, Montana, Utah, and West Virginia, there were slight declines in 1960 compared with 1959.

Only in Pennsylvania and Maryland did the assets of the funds decline, and that slightly. Ohio added more than \$15 million to its assets. Washington added approximately \$5 million, Oregon \$6.5 million, New York \$3.5 million, California \$11.5 million, and Arizona almost \$6 million. In one state, Maryland, the premium figures were not available.

State Fund in New York, which is not monopolistic, is by all odds the largest writer of workmen's compensation there—\$56 million against the closest private insurer's \$18 million.

The 1960 figures for Wyoming Industrial Accident Fund, which were reported too late for inclusion in the Argus Chart, were \$2,485,934 in net premiums collected and \$10,919,549 in assets. The organization's reinsurance fund was \$278,159, investment income \$76,016, total income \$2,945,513, losses and adjustment expenses paid \$2,945,506, and administrative expenses \$160,886.

No WC For Working Partner

The appellate division of New Jersey superior court has ruled that a working member of a general partnership is not entitled to workmen's compensation, since the employer-employee relationship is lacking.

The decision came in a case involving Carl Leventhal of Interlaken N.Y., and Calvin Waters of Asbury Park who were both injured while performing work for Atlantic Rainbow Painting Co. They were operating as general partners and had no valid claim against themselves, the court ruled.

Barkie Assistant V-P Of J.&H.

Johnson & Higgins, has elected Jeremiah J. Barkie assistant vice-president. He joined J.&H. in 1947 as assistant manager in the personal accounts department and in 1951 was named manager. Prior to joining J.&H. he had been with Associated Agencies of Chicago.

Directors of **Florida Home** of Miami have declared a cash dividend of 10 cents a share on the 102,705 shares of common stock outstanding. The dividend was paid June 30 to stock of record June 21. Control of the company was recently acquired by A. E. Strudwick of Minneapolis.

Wm. H. McGee & Co., Inc.

MARINE UNDERWRITERS

111 John Street, New York 38, N.Y.

Baltimore	New Orleans
Boston	Philadelphia
Chicago	San Francisco
Columbus, O.	Seattle
Dallas	Toronto
Detroit	Montreal
Houston	Porto Rico
Jacksonville	Honolulu
Los Angeles	Trinidad B.W.I.



**OCEAN MARINE
INLAND MARINE
HOMEOWNERS' COMPREHENSIVE
MANUFACTURERS OUTPUT
and similar covers**

What does
Ætna Casualty mean
by consistent and
competitive property
underwriting?



A statement by
E. N. O'BEIRNE, JR.

Vice-President, Property Underwriting Department
Ætna Casualty and Surety Company

To support its reputation as an agency builder, Ætna Casualty has developed a *consistent* approach to underwriting in the fire, marine, and multiple line fields.

This consistency provides a stable market in which Ætna Casualty agents can build a sound business without fear of drastic changes in underwriting attitude. Implementing this philosophy are the underwriters in the field and Home Office whose integrity and ability have come to be respected and relied on by Ætna Casualty agents.

Our approach to underwriting is also designed to keep Ætna Casualty agents in a *competitive* position. In this period of increasing competition of the keenest

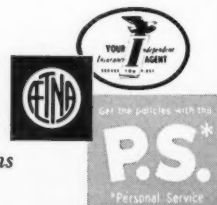
sort, it is our intention to provide broad property coverages for the public through our agents at the lowest possible cost consistent with sound underwriting. Offered through established rating organizations, these coverages enable Ætna Casualty agents to compete with insurers operating under an entirely different distribution system.

Because the independent agents who represent Ætna Casualty can rely on a long-range, consistent, and competitive underwriting program, they are able to build a sound and profitable book of business. This is one more reason why Ætna Casualty has so many loyal agents and why Ætna Casualty agents have so many loyal clients.

Agency building is our business

ÆTNA CASUALTY

Quality INSURANCE for individual, family, business, home and other possessions



Ætna Casualty and Surety Company • Hartford 15, Conn. • Affiliated with Ætna Life Insurance Company • Standard Fire Insurance Company • The Excelsior Life, Canada

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Executive Changes Made By Travelers

Travelers has named Joseph O. Helms 2nd vice-president, casualty-fire claim department, and Rupert D. Morrill secretary of the claim departments. Named assistant secretaries, casualty underwriting, are William I. Pye, Franklin H. Cameron, Robert H. Sherman, Woodbury G. G. Stevens, Edward C. Roller and Dean A. Stoecker. McClung Smith has been elected superintendent of agencies, casualty-fire agency department.

The company has also named seven men to the newly created post of regional director of the casualty-fire agency department. They are Albert N. Graves, metropolitan, New York; Eugene H. Pratt, southeast, Atlanta; Charles G. Snow, southwest, Dallas; Richard Swayne, Pacific Coast, Los Angeles; Richard T. Washburn, New England, Boston; and Stanley T. Shaw and John D. Wortmann, midwestern, Chicago and St. Louis, respectively.

Mr. Helms joined Travelers in 1928 in Detroit and was transferred in 1943 to the home office as supervising adjuster. In 1960 he was named secretary of a combined casualty-fire claim department. Mr. Morrill went with the company in 1948 at Boston. He went to Washington in 1952 and became manager of the claim department there in 1956. Mr. Pye, with the company since 1941, has been at Manchester, Vt., Worcester and Buffalo. He was named superintendent of underwriting, casualty department, in 1952.

Other Careers

Mr. Cameron joined the company in 1949 at St. Louis and was later at Birmingham, Seattle and Buffalo. He was named superintendent of the home office casualty underwriting department in 1961. Mr. Sherman began with the company in New York in 1947 and went to Philadelphia in 1950. He was also named superintendent of the home office casualty underwriting unit in 1961.

Mr. Stevens, Mr. Roller and Mr. Stoecker also occupied the latter post since earlier this year. Mr. Stevens joined the company in 1951. Mr. Roller with the organization since 1938, began at Newark and was later at Washington, New York and again at Newark. Mr. Stoecker, beginning in 1939, has been at Omaha, Minneapolis, St. Paul, Kansas City, Chicago, Peoria and Houston.

Mr. Smith joined the company in 1940 as assistant manager, fidelity and surety, at Kansas City. He went to Chicago in 1943 and to the home office in 1952 as assistant superintendent of agencies, casualty-fire agency department.

New Regional Directors

Mr. Graves, with the company since 1936, was field supervisor at Grand Rapids and Philadelphia before becoming home office agency assistant in 1940, assistant superintendent in 1947 and superintendent in 1958. Mr. Pratt joined the company in 1933 and was named manager, fire and marine lines, at Peoria in 1947. He was transferred to the home office in 1949 as agency assistant for those lines and was named assistant superintendent in 1950 and superintendent in 1953.

Mr. Snow, with the company since 1951, has been field supervisor at Jacksonville and Dallas, and assistant manager and manager at Atlanta. He has been at the home office since 1960 as assistant superintendent, casualty-

fire agency department. Also named to that post in 1960 was Mr. Swayne who joined the organization in 1946 as field supervisor at San Francisco. He was later assistant manager at San Francisco and Stockton, becoming manager at the latter office in 1957.

Mr. Washburn, Mr. Shaw and Mr. Wortmann have all been assistant superintendents, casualty-fire agency department. Mr. Washburn joined the company in 1939 and has been field supervisor at Worcester and New

Haven and assistant manager at the latter office. He became manager at Bridgeport in 1952. Mr. Shaw joined the company in 1949 at Des Moines and became field supervisor, fire and marine lines, at Kansas City in 1950. He was later assistant manager at St. Louis and Detroit and manager at Louisville. Mr. Wortmann, with the company since 1940, has been field supervisor at Reading, Pa., assistant manager at Newark, and manager at Yonkers, N.Y.

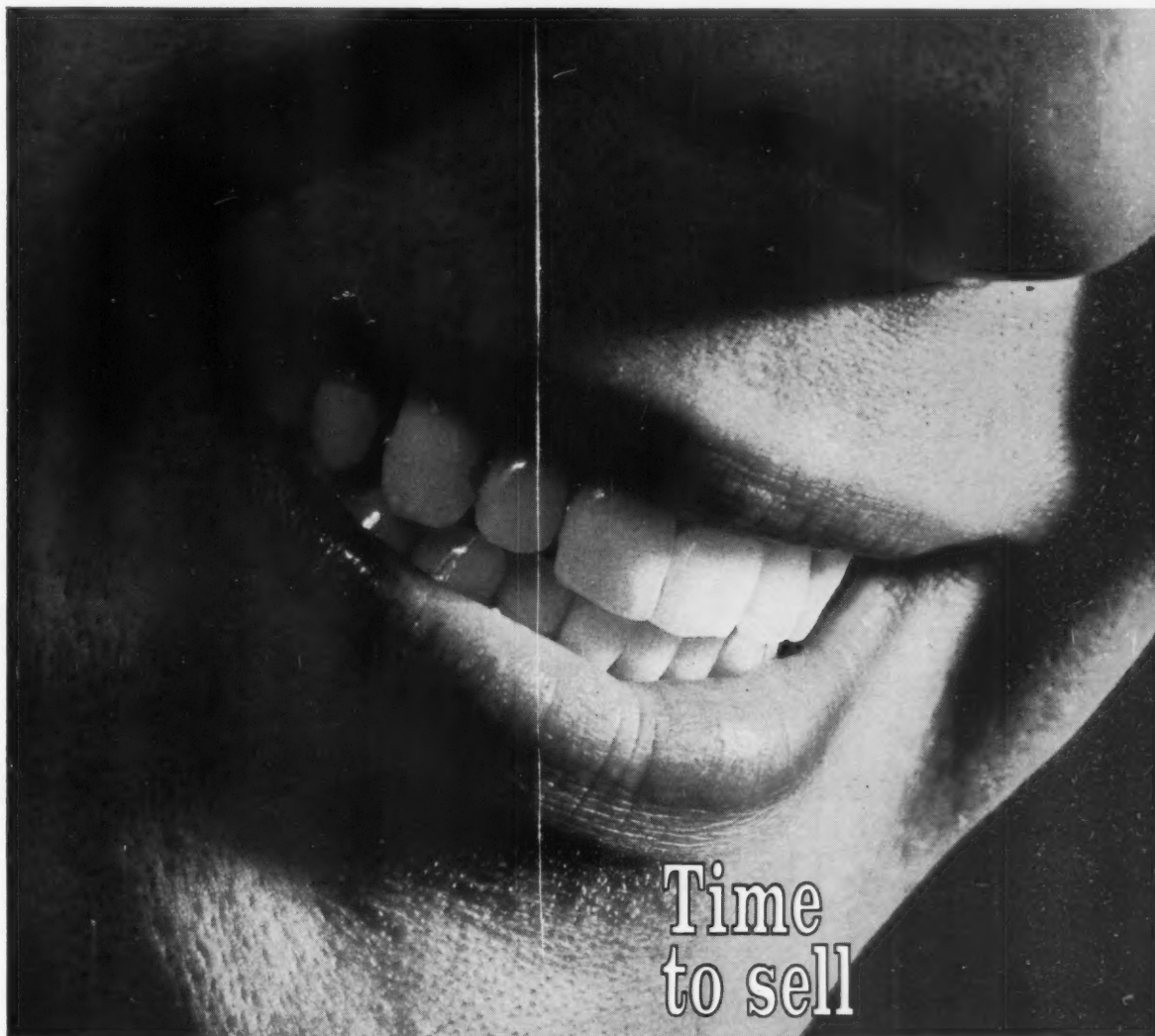
U.S.F.&G. Promotes Lenahan At Boston

U.S.F.&G. has promoted William P. Lenahan from assistant manager to manager at Boston to succeed William C. Burke, who has retired after 44 years with the company. Mr. Lenahan started with the company as a special agent at New York. In 1949 he was transferred to Boston as assistant manager.

Can you
smile with
pride when
you look
at the
record?

Central producers can. They're pleased as punch over the more than \$65,000,000 Central has paid to policyholders in dividends since 1876. Boom or bust, war or peace, Central has paid a dividend every year. There's a world of sales power in that remarkable record. But it's just part of the story: Central also has a peerless record for quick claim settlement . . . fair and square. No wonder Central producers are selling for keeps.

If you want to be successful without starting from scratch . . . it's time to sell Central.



Time
to sell



CENTRAL

MUTUAL INSURANCE COMPANY • Van Wert, Ohio

A Tomorrow Minded, Multiple Line Company

Branch Offices in: Atlanta • Boston • Dallas • Denver • Los Angeles • Montreal • New York • San Francisco • Toronto

Conn. Insurer Employees Civic Minded

Insurance Information Office of Connecticut has concluded a study on the extent of participation in civic affairs by home office employees of insurers in the state. These employees total approximately 22,000 of whom 75% responded to the survey. Discounting younger employees with little experience, the study based its findings on 12,500 workers who were found to be contributing 566,601 hours a year in a variety of volunteer activities.

The insurance workers gave 53,549 hours to social, family and welfare organizations. Their efforts helped keep research going on cancer, heart disease, multiple sclerosis and many other diseases. They sat on boards which directed the activities of hospitals. They served in rehabilitation workshops. They pushed for equality of all peoples through associations of ethnic groups.

The insurance men and women gave

up 9,807 hours to PTA activities. They also gave 10,481 hours to alumni groups, in an effort to support the educational institutions from which they had been graduated. They contributed 17,594 unpaid hours to assist opera, choral groups and symphony societies and another 16,083 hours helping music festivals, theater groups and art galleries.

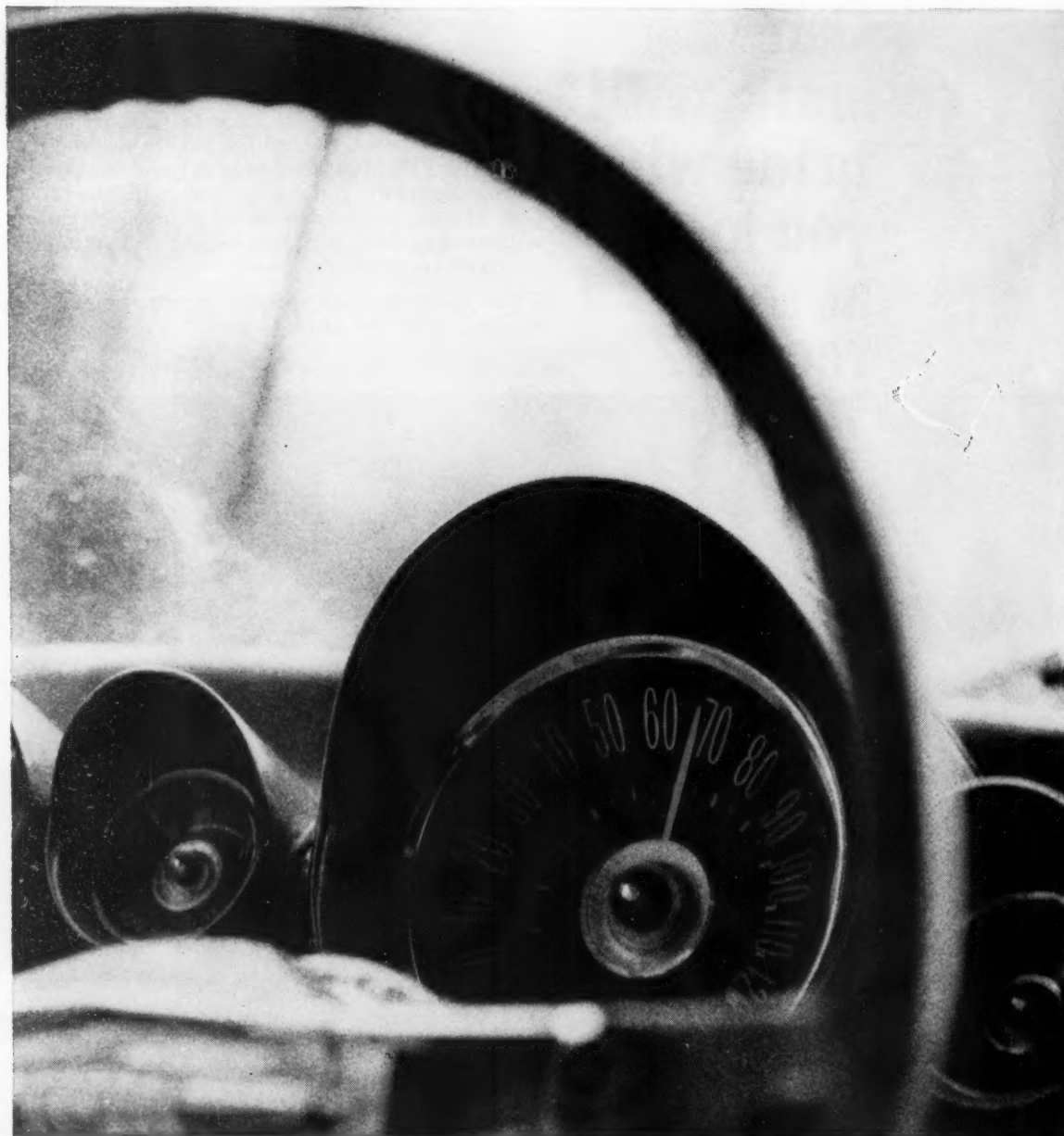
A total of 12,309 hours was used by the insurance people in beneficial work by fraternal organizations, and another 6,440 hours in work of service clubs. A total of 14,477 additional

hours went to chamber of commerce efforts.

Insurance people helped run the state through service in the legislature. In all, the 12,500 workers spent more than 40,000 hours in municipal and state government. They also put in 27,623 hours in political organization affairs.

In active work for their churches or synagogues—not simply attending services—the insurance workers donated 175,157 hours of their time.

"Unforeseen events...need not change and shape the course of man's affairs"



The minute you save...

...may be your last. Speed is the greatest cause of death on the highways. But there are other causes...passing on curves or hills, daydreaming while driving, ignoring road conditions and traffic signs. Last year 38,200 persons were killed and 3,100,000 injured in traffic accidents. You can help reduce this casualty list. When you drive, drive carefully at reasonable speed, be alert, and obey the rules of the road. Remember: *the wheel of your car is a wheel of chance. Handle it with care.*

MARYLAND CASUALTY COMPANY

Baltimore 3, Maryland

Another striking advertisement to help build more business for the local agent or broker.

Aetna Grads Hear Address By Limric

The importance of multiple-line sales and service was stressed by William Limric, Wellesley Hills, Mass., in a talk to graduates of the Aetna Casualty sales course at Hartford.

The class was led by Donald Doyle, Baltimore. Blue ribbons for high scholastic standing also went to James L. Doran, Los Angeles, and Stuart Paul, Washington. Gold ribbons for demonstrating outstanding soliciting techniques were won by Carl K. Gilbert, Detroit; Denton L. Murphy, Houston, and Brice H. Sheets, Rockford, Ill.

Mr. Limric advised young agents to be selective in deciding which companies they will represent. He recommended that they choose a company that handles all lines and has field men willing to go out with the new agent and help him close a sale.

The survey service of a company is of particular importance to the agent, he said. Not only is a well-handled survey an excellent sales tool, but it also enables the agent to impress his clients with quick, professional service.



William Limric

Monahan And Baruch Advanced By Home

Home has named Edward Monahan and Fernand Baruch assistant secretaries.

Mr. Monahan joined Home in 1942 as a marine special agent at Chicago. After serving in various field offices, he was appointed assistant manager of the multi-peril division of the service department. In 1958, Mr. Monahan was made manager of this division, with added supervision of all general cover business.

Mr. Baruch started his career with the company in 1946 as a marine trainee at Philadelphia. After service at Baltimore, he was made manager of the metropolitan marine department in 1954. In 1959, he was named administrative assistant, executive department.

Buffalo Moves In Md.

Buffalo has transferred its middle department from Cynwyd, Pa., to Mt. Royal and Cathedral Streets, Baltimore. The office continues under the supervision of Ronald Yates, state agent.

District of Columbia Insurance Managers Assn. has elected Chester I. Soule Jr., General Accident, president; Robert L. Waters, Ohio Farmers, vice-president, and Howard M. Starling, Assn. of Casualty & Surety Companies, secretary-treasurer.

Insurance Plan Protects English Mutual Fund Buyers Against Loss

By BRUNO SHAW

Public Relations Consultant, New York

Announcement: "If Falcon Trust shares rise, you gain. If you retain the shares for 10 years, you are guaranteed against loss."

The time: Sunday, April 30, 1961. The place: A half page advertisement in the Observer, a conservative daily newspaper in London, England. The sponsor: Unicorn Securities and its guarantor against loss, the London & Edinburgh Ins. Co. The inspiration: George J. Stewart, chief officer of all Stewart, Smith insurance enterprises in London, the United States and Canada, and of the London & Edinburgh, which in 1957 created a sensation in the London market with its endowment variable insurance that has a guaranteed floor but no ceiling, exclusively reported in the United States in THE NATIONAL UNDERWRITER of Oct. 21, 1960.

"Now for the first time" says Falcon Trust, "you can buy unit trust shares (mutual funds) that can make you a profit at any time from the moment you buy them, but that cannot cause you a loss if you hold them for the stipulated 10-year period."

Reactions Varied

The Falcon Trust offer, made in page length, three columns wide advertisement in one of London's leading newspapers, brought different reactions from different groups of people. From the general public in three days it brought subscriptions for 4 million shares in response to the 2 million shares offered.

From some financial writers and British insurance company executives it brought comments ranging from doubts about the soundness of the plan to hints that, even if it were sound, it was just a gimmick to attract shillings and pence to Falcon Trust.

Falcon Trust is a little more than one year old, having been organized on Jan. 11, 1960, for an authorized initial term of 20 years. Prior to the current offer it had 30 million shares outstanding, with assets exceeding £7 million (U.S. \$20 million).

2 Million More Shares Offered

On April 30, 1961, Falcon Trust offered 2 million additional shares at a price of 5s. 4d. (U.S. 75 cents) per share without guarantee against loss, or the same price plus 3d. (U.S. 3½ cents) per share for the addition of the guarantee, at the buyer's choice. The 3d. was paid to the London & Edinburgh for insurance guaranteeing that Falcon Trust would, on April 30, 1971, offer to repurchase the shares at the price for which they were bought, 5s. 4d.

If the original buyer elects to pay the 3d. guarantee premium per share, he does so on the understanding that the guarantee is not transferable. He can make a profit on his shares by selling them in the open market if there is a rise, but whoever buys them from him does not acquire the guarantee that covered the original purchase from Falcon Trust. Nor can any subsequent buyer of the shares secure a similar insurance from Falcon Trust. Thus, if the original buyer of the shares sells them at any time during the 10-year period, this action terminates the insurance altogether.

The estimated gross yield on Falcon

Trust shares is at the rate of (£4 16s. 9d.) 4.84%. Purchases must be made for a minimum of 50 shares and in units of 10 shares above that amount.

What seems to some critics in the London insurance market to be a 10-year guarantee based on Utopian hopes rather than on well-founded actuarial

calculations is really, according to Mr. Stewart, the soundest kind of insurance based on the most conservative insurance principles.

Premium Is 5% Of Cost

The premium of 3d. per share paid by the original buyer of Falcon Trust shares amounts to 5% of the cost of the shares, says Mr. Stewart, and this should result in an underwriting profit if the following three factors are taken into consideration:

First, no claim is payable for 10 years. Therefore, there can be added to

the premium its investment value. Secondly, all of the original shareholders will not be in a position to make a claim at the end of 10 years. Third, any loss occurring must be limited to a considerable degree less than the sum insured, otherwise so great a financial collapse will have occurred that all recognized values will have become valueless. These three factors combined, says Mr. Stewart, make the underwriting a pretty safe proposal.

Criticisms of the project from an analysis of its features, and not merely from instinctive prejudice against in-



Through continued national advertising, this symbol has become a helpful selling tool for Hartford Agents



**THE HARTFORD
INSURANCE GROUP**

Hartford 15, Connecticut

HARTFORD FIRE INSURANCE COMPANY • HARTFORD ACCIDENT AND INDEMNITY COMPANY • HARTFORD LIFE INSURANCE COMPANY • HARTFORD LIVE STOCK INSURANCE COMPANY • CITIZENS INSURANCE COMPANY OF NEW JERSEY • NEW YORK UNDERWRITERS INSURANCE COMPANY • TWIN CITY FIRE INSURANCE COMPANY

novation, says Mr. Stewart, are generally theoretical rather than pragmatic. They question, for example, the difficulty of reserving; and the doubling up of misfortune—that the company might suffer from loss on its own investments in addition to the claims made on the insurance. But all in all, he says, it must be conceded that guaranteed unit trust shares are not only a satisfactory offering for the small investor, but that they give reasonable return to the insurance underwriter as well.

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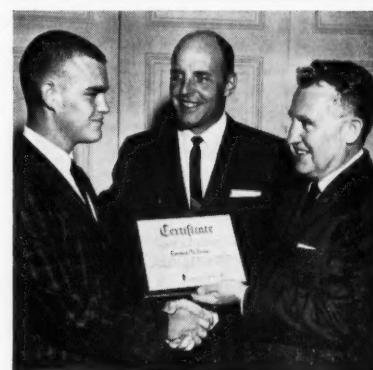
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Insurance Plan Protects English Mutual Fund Buyers Against Loss

By BRUNO SHAW

Public Relations Consultant, New York

Announcement: "If Falcon Trust shares rise, you gain. If you retain the shares for 10 years, you are guaranteed against loss."

The time: Sunday, April 30, 1961. The place: A half page advertisement in the Observer, a conservative daily newspaper in London, England. The sponsor: Unicorn Securities and its guarantor against loss, the London & Edinburgh Ins. Co. The inspiration: George J. Stewart, chief officer of all Stewart, Smith insurance enterprises in London, the United States and Canada, and of the London & Edinburgh, which in 1957 created a sensation in the London market with its endowment variable insurance that has a guaranteed floor but no ceiling, exclusively reported in the United States in THE NATIONAL UNDERWRITER of Oct. 21, 1960.

"Now for the first time" says Falcon Trust, "you can buy unit trust shares (mutual funds) that can make you a profit at any time from the moment you buy them, but that cannot cause you a loss if you hold them for the stipulated 10-year period."

Reactions Varied

The Falcon Trust offer, made in page length, three columns wide advertisement in one of London's leading newspapers, brought different reactions from different groups of people. From the general public in three days it brought subscriptions for 4 million shares in response to the 2 million shares offered.

From some financial writers and British insurance company executives it brought comments ranging from doubts about the soundness of the plan to hints that, even if it were sound, it was just a gimmick to attract shillings and pence to Falcon Trust.

Falcon Trust is a little more than one year old, having been organized on Jan. 11, 1960, for an authorized initial term of 20 years. Prior to the current offer it had 30 million shares outstanding, with assets exceeding £7 million (U.S. \$20 million).

2 Million More Shares Offered

On April 30, 1961, Falcon Trust offered 2 million additional shares at a price of 5s. 4d. (U.S. 75 cents) per share without guarantee against loss, or the same price plus 3d. (U.S. 3½ cents) per share for the addition of the guarantee, at the buyer's choice. The 3d. was paid to the London & Edinburgh for insurance guaranteeing that Falcon Trust would, on April 30, 1971, offer to repurchase the shares at the price for which they were bought, 5s. 4d.

If the original buyer elects to pay the 3d. guarantee premium per share, he does so on the understanding that the guarantee is not transferable. He can make a profit on his shares by selling them in the open market if there is a rise, but whoever buys them from him does not acquire the guarantee that covered the original purchase from Falcon Trust. Nor can any subsequent buyer of the shares secure a similar insurance from Falcon Trust. Thus, if the original buyer of the shares sells them at any time during the 10-year period, this action terminates the insurance altogether.

The estimated gross yield on Falcon

calculations is really, according to Mr. Stewart, the soundest kind of insurance based on the most conservative insurance principles.

Premium Is 5% Of Cost

The premium of 3d. per share paid by the original buyer of Falcon Trust shares amounts to 5% of the cost of the shares, says Mr. Stewart, and this should result in an underwriting profit if the following three factors are taken into consideration:

First, no claim is payable for 10 years. Therefore, there can be added to

the premium its investment value. Secondly, all of the original shareholders will not be in a position to make a claim at the end of 10 years. Third, any loss occurring must be limited to a considerable degree less than the sum insured, otherwise so great a financial collapse will have occurred that all recognized values will have become valueless. These three factors combined, says Mr. Stewart, make the underwriting a pretty safe proposal.

Criticisms of the project from an analysis of its features, and not merely from instinctive prejudice against in-



Through continued national advertising, this symbol has become a helpful selling tool for Hartford Agents



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Hartford 15, Connecticut

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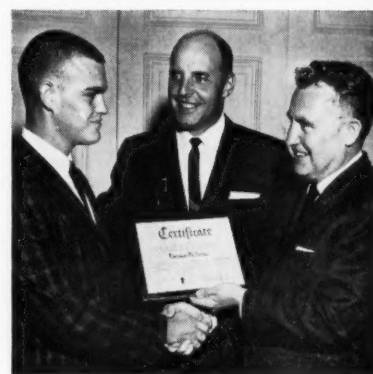
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Florida Adjusters Elect Rieder President At Jacksonville Annual

JACKSONVILLE, Fla.—The second annual workshop of Florida Assn. of Independent Insurance Adjusters met here and elected Albert Rieder, Rieder-Gillespie, Fort Lauderdale, president.

Richard F. Sawyer, Adjustment Service, Jacksonville, was named 1st vice-president; J. E. Linder, Linder & Co., Jacksonville, 2nd vice-president, and Arthur S. Seppi, Coast Cities Adjusters, Fort Lauderdale, secretary-treasurer.

Maritime Law Address

Louis Kurz Jr., Ragland, Kurz & Toole, Jacksonville, spoke on maritime law and its application to accidents under homeowners and CPL policies, and Sheldon Morgan, district claims manager St. Paul-Western companies, Jacksonville, explained the history of fire insurance and the development of the homeowners policy.

News of pending, passed and defeated legislature of particular interest was discussed, especially with regards to how effective the association members' letters to congressmen had been.

The next semi-annual meeting of the association will be held in St. Petersburg, Oct. 24, 1961, at the Tides Hotel & Bath Club.

Equitable F.&M. Fetes Smith & Son Agency

Equitable F.&M. of Providence recently gave a dinner for R. P. Smith & Son, Woonsocket, R. I., agency, to celebrate 100 years of agency-company association.

Present from the agency were Austin H. Cook, president; David L. Tuttle Sr., secretary; Arthur Merchant, David L. Tuttle Jr., and Joseph Perkins. Company officials attending were Stanley A. Gibson and T. E. Hopkins, resident secretaries; M. F. Ahearn Jr., manager, and James E. Roberts, superintendent.

N. C. Debates Merit Plan

Chief Deputy Commissioner Lewis held a public hearing on an auto liability merit rating plan filed by North Carolina Rate Administrative Office. The plan, which was heavily criticized by insurance officials at the hearing, would qualify 785 out of

every 1,000 private car owners for a 10% discount.

Of 1,000 drivers, some 195 would pay higher premiums because of their accident record, and 20 younger drivers with less than three years of experience would qualify for basic rates. The plan was submitted because of a law passed by the 1961 general assembly requiring the commissioner to adopt a merit rating plan.

Ohio Has Restrictions On Vending Machines

Several companies have approached the Ohio department concerning use of vending machines to disburse accident policies. Robert L. Mullins, deputy superintendent, outlined the department's policy in answer to an inquiry.

Such use of vending machines is not in conflict with nor in violation of Ohio insurance law, he stated. However, as a result of the past experience of the department with vending machines, it has developed certain requirements to protect the public. These requirements are:

—The insurer must be authorized and licensed in Ohio.

—The policy form must meet the requirements of Ohio law and be filed with and approved by the department.

—A licensed insurance agent must service each machine and be responsible for the issuance of the policies therefrom.

—Each policy must be physically countersigned by a licensed agent. A facsimile signature is permitted if issued in accord with the provisions of the section of the Ohio code which provides that "countersignature may be the facsimile of an agent . . . when used solely in connection with transportation ticket policies of accident insurance or baggage insurance on personal effects. . . ."

Mr. Mullins emphasizes that any person handling or servicing a vending machine must be a licensed agent—the one who places the policies in the machine, removes the premiums, and performs other service in connection with the operation.

Maine has revised its statutory fire policy, effective next Jan. 1. The revision makes it practically identical with the New York standard form, except that the Maine form requires 10 instead of five days notice to insured of cancellation.

Nationwide Readies \$350,000 Ad Campaign On Auto Insurance

An intensive, \$350,000 advertising campaign on auto insurance will be launched next week by Nationwide. It will run for two months and will utilize radio and TV, magazines, and outdoor media.

Theme of the campaign will be "Nine out of 10 come back again for Nationwide car insurance." It will be based on a recently completed survey that showed that 90% of Nationwide's 2 1/4 million policyholders renew their coverages with the company. It also will be carried through to reveal "What happens to No. 10."

Major emphasis will be on spot radio with 237 stations participating during prime driving time. Jingle commercials will project the sales message,

and each radio market will carry from 20 to 30 spots weekly. Network participation will be through the Allan Jackson CBS news program.

In 17 areas, TV spots will supplement the radio coverage. Outdoor advertisements are planned for 1,111 billboards in 63 markets. Full-page insertions in Life, Reader's Digest, Coronet, and Sports Illustrated will round out the campaign.

Pamerleau Is Tower Group Editor

William C. Pamerleau has joined Tower group as director of publications. He will edit two monthly agent magazines, a monthly employee magazine and a weekly employee news digest as well as handle the group's news release program. He has been a publicist for the Michigan state library and an editor of Michigan Food News and Michigan State (University) News.

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INSURANCE-TO-VALUE
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EQUITABLE FIRE INSURANCE COMPANY • CHARLESTON, SOUTH CAROLINA

Nolen To Return To Ala. On Retirement

When he retires at year end, William L. Nolen, U.S. manager of Commercial Union-North British, will move to Point Clear, Ala., where he and Mrs. Nolen are building a home on the grounds of the Lakewood Country Club. Mr. Nolen, born in Nashville, was reared in Alabama and went to school in Florence and Montgomery.



W. L. Nolen

Mr. Nolen started with Tennessee Rating Bureau in 1924, and joined North British group in 1928 as inspector in Michigan. He was transferred to Oklahoma the following year and then to Tennessee where he served as a field man for 11 years. In 1940 he was MLG of the Tennessee pond of Blue Goose. At that time he was also serving as vice-president of the state fire prevention association.

Assigned to the Detroit office in 1940, he was appointed manager of the Michigan department in 1941, which position he left in 1943 to serve in the navy. In 1945 he resumed his duties as Michigan manager.

Goes To New York

In 1946 he was transferred to New York and became assistant U.S. manager of North British, Ocean Marine, and vice-president of Pennsylvania and Homeland. In 1952 he was named

U.S. manager and president. When the U.S. branches of Commercial Union and North British merged in 1959, he became U.S. manager of the combined group. In 1955 he was elected chairman of Central Surety.

Mr. Nolen is a trustee of Underwriters Laboratories, a director and finance committee chairman of Insurance Information Institute; a governor of Inter-Regional Insurance Conference, and a director of General Adjustment Bureau, Underwriters Salvage Co. of New York, Sanborn Map Co., and Insurance Society of New York.

Other Positions Given

He has also served on the executive committee of National Board, Eastern Underwriters Assn., Western Underwriters Assn., and Western Actuarial Bureau, and on the management committee of midwest fire rating bureaus and Oil Insurance Assn. He was chairman of GAB when it was merged with Western Adjustment and was chairman of the governing committee of New York Fire Insurance Rating Organization in 1956 and 1957.

Cal. AR Risks Drop 30%

New risks in the California Automobile Assigned Risk Plan dropped 30% in the fiscal year ending June 30, compared with the previous fiscal year, Manager T. G. Aston Jr. reported. Renewals were up 16%, which Mr. Aston attributed to the large volume written in the two previous years.

Total new and renewal assignments were down 14%, indicating a trend toward depopulation of the AR plan. Mr. Aston said it is expected this trend will continue.

Sales, 'Total Coverage' Of Group Health Insurance Compiled By HIA

The extent of group health insurance coverages sold in the United States in 1960 and the total amount of such coverage in force is shown in the chart below. The data was compiled by Health Insurance Assn. and Institute of Life Insurance on the basis of a survey of 680 life, health and casualty companies in the U. S. and Canada that write group health in-

surance in the U.S.

The showing of master policies and certificates providing more than one coverage are counted for each kind of coverage, but the data for group comprehensive major medical expense is not included in the hospital, surgical or medical expense lines although such insurance does provide for each of those expenses.

Kind of Coverage	Year	NEW BUSINESS ISSUED DURING YEAR		TOTAL IN FORCE DECEMBER 31	
		Number of Master Policies	Number of Individuals Covered	Number of Master Policies	Number of Individuals Covered
Group Wage Replacement (including Group Credit Health insurance)	1960	50,730	1,579,000	281,180	20,970,000
	1959	41,460	1,437,000	258,940	20,894,000
	1958	31,860	1,333,000	247,920	20,460,000
Group Hospital Expense	1960	23,630	1,632,000	112,790	17,492,000
	1959	20,960	1,519,000	105,150	16,670,000
	1958	17,500	1,413,000	98,210	16,524,000
Employee Coverage	1960	22,100	2,779,000	103,750	29,403,000
	1959	18,710	2,575,000	95,940	28,132,000
	1958	15,170	2,187,000	89,490	27,741,000
Dependent Coverage	1960	22,100	2,779,000	103,750	29,403,000
	1959	18,710	2,575,000	95,940	28,132,000
	1958	15,170	2,187,000	89,490	27,741,000
Group Surgical Expense	1960	23,420	1,637,000	113,140	17,803,000
	1959	20,910	1,567,000	104,970	17,128,000
	1958	17,290	1,433,000	98,370	16,932,000
Employee Coverage	1960	22,050	2,880,000	103,550	29,377,000
	1959	18,650	2,643,000	95,140	28,175,000
	1958	14,900	2,203,000	89,070	27,746,000
Dependent Coverage	1960	22,050	2,880,000	103,550	29,377,000
	1959	18,650	2,643,000	95,140	28,175,000
	1958	14,900	2,203,000	89,070	27,746,000
Group Medical Expense	1960	19,640	1,070,000	79,820	10,684,000
	1959	17,930	1,142,000	71,090	10,190,000
	1958	14,610	1,007,000	62,170	9,715,000
Employee Coverage	1960	18,380	1,697,000	72,810	16,795,000
	1959	15,690	1,651,000	64,020	15,827,000
	1958	12,380	1,287,000	54,850	14,919,000
Dependent Coverage	1960	18,380	1,697,000	72,810	16,795,000
	1959	15,690	1,651,000	64,020	15,827,000
	1958	12,380	1,287,000	54,850	14,919,000
Group Major Medical Expense — Supplementary to Basic Plans	1960	10,360	1,274,000	26,630	6,669,000
	1959	7,220	1,146,000	17,750	5,399,000
	1958	4,350	774,000	11,140	4,333,000
Employee Coverage	1960	10,070	2,190,000	26,020	10,616,000
	1959	7,120	2,062,000	17,260	8,501,000
	1958	4,210	1,494,000	10,710	6,726,000
Dependent Coverage	1960	10,070	2,190,000	26,020	10,616,000
	1959	7,120	2,062,000	17,260	8,501,000
	1958	4,210	1,494,000	10,710	6,726,000
Group Major Medical Expense — Comprehensive (no basic plans) (see note below)	1960	7,790	799,000	26,840	3,079,000
	1959	8,020	499,000	22,370	2,431,000
	1958	8,400	744,000	16,170	1,960,000
Employee Coverage	1960	7,180	1,344,000	24,760	5,244,000
	1959	7,330	776,000	20,720	4,022,000
	1958	7,680	1,111,000	15,060	3,193,000
Dependent Coverage	1960	7,180	1,344,000	24,760	5,244,000
	1959	7,330	776,000	20,720	4,022,000
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Florida Adjusters Elect Rieder President At Jacksonville Annual

JACKSONVILLE, Fla.—The second annual workshop of Florida Assn. of Independent Insurance Adjusters met here and elected Albert Rieder, Rieder-Gillespie, Fort Lauderdale, president.

Richard F. Sawyer, Adjustment Service, Jacksonville, was named 1st vice-president; J. E. Linder, Linder & Co., Jacksonville, 2nd vice-president, and Arthur S. Seppi, Coast Cities Adjusters, Fort Lauderdale, secretary-treasurer.

Maritime Law Address

Louis Kurz Jr., Ragland, Kurz & Toole, Jacksonville, spoke on maritime law and its application to accidents under homeowners and CPL policies, and Sheldon Morgan, district claims manager St. Paul-Western companies, Jacksonville, explained the history of fire insurance and the development of the homeowners policy.

News of pending, passed and defeated legislature of particular interest was discussed, especially with regards to how effective the association members' letters to congressmen had been.

The next semi-annual meeting of the association will be held in St. Petersburg, Oct. 24, 1961, at the Tides Hotel & Bath Club.

Equitable F.&M. Fetes Smith & Son Agency

Equitable F.&M. of Providence recently gave a dinner for R. P. Smith & Son, Woonsocket, R. I., agency, to celebrate 100 years of agency-company association.

Present from the agency were Austin H. Cook, president; David L. Tuttle Sr., secretary; Arthur Merchant, David L. Tuttle Jr., and Joseph Perkins. Company officials attending were Stanley A. Gibson and T. E. Hopkins, resident secretaries; M. F. Ahearn Jr., manager, and James E. Roberts, superintendent.

N. C. Debates Merit Plan

Chief Deputy Commissioner Lewis held a public hearing on an auto liability merit rating plan filed by North Carolina Rate Administrative Office. The plan, which was heavily criticized by insurance officials at the hearing, would qualify 785 out of

every 1,000 private car owners for a 10% discount.

Of 1,000 drivers, some 195 would pay higher premiums because of their accident record, and 20 younger drivers with less than three years of experience would qualify for basic rates. The plan was submitted because of a law passed by the 1961 general assembly requiring the commissioner to adopt a merit rating plan.

Ohio Has Restrictions On Vending Machines

Several companies have approached the Ohio department concerning use of vending machines to disburse accident policies. Robert L. Mullins, deputy superintendent, outlined the department's policy in answer to an inquiry.

Such use of vending machines is not in conflict with nor in violation of Ohio insurance law, he stated. However, as a result of the past experience of the department with vending machines, it has developed certain requirements to protect the public. These requirements are:

—The insurer must be authorized and licensed in Ohio.

—The policy form must meet the requirements of Ohio law and be filed with and approved by the department.

—A licensed insurance agent must service each machine and be responsible for the issuance of the policies therefrom.

—Each policy must be physically countersigned by a licensed agent. A facsimile signature is permitted if issued in accord with the provisions of the section of the Ohio code which provides that "countersignature may be the facsimile of an agent . . . when used solely in connection with transportation ticket policies of accident insurance or baggage insurance on personal effects. . . ."

Mr. Mullins emphasizes that any person handling or servicing a vending machine must be a licensed agent—the one who places the policies in the machine, removes the premiums, and performs other service in connection with the operation.

Maine has revised its statutory fire policy, effective next Jan. 1. The revision makes it practically identical with the New York standard form, except that the Maine form requires 10 instead of five days notice to insured of cancellation.

Nationwide Readies \$350,000 Ad Campaign On Auto Insurance

An intensive, \$350,000 advertising campaign on auto insurance will be launched next week by Nationwide. It will run for two months and will utilize radio and TV, magazines, and outdoor media.

Theme of the campaign will be "Nine out of 10 come back again for Nationwide car insurance." It will be based on a recently completed survey that showed that 90% of Nationwide's 2¼ million policyholders renew their coverages with the company. It also will be carried through to reveal "What happens to No. 10."

Major emphasis will be on spot radio with 237 stations participating during prime driving time. Jingle commercials will project the sales message,

and each radio market will carry from 20 to 30 spots weekly. Network participation will be through the Allan Jackson CBS news program.

In 17 areas, TV spots will supplement the radio coverage. Outdoor advertisements are planned for 1,111 billboards in 63 markets. Full-page insertions in Life, Reader's Digest, Coronet, and Sports Illustrated will round out the campaign.

Pamerleau Is Tower Group Editor

William C. Pamerleau has joined Tower group as director of publications. He will edit two monthly agent magazines, a monthly employee magazine and a weekly employee news digest as well as handle the group's news release program. He has been a publicist for the Michigan state library and an editor of Michigan Food News and Michigan State (University) News.

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Nolen To Return To Ala. On Retirement

When he retires at year end, William L. Nolen, U.S. manager of Commercial Union-North British, will move to Point Clear, Ala., where he and Mrs. Nolen are building a home on the grounds of the Lakewood Country Club. Mr. Nolen, born in Nashville, was reared in Alabama and went to school in Florence and Montgomery.



W. L. Nolen

Mr. Nolen started with Tennessee Rating Bureau in 1924, and joined North British group in 1928 as inspector in Michigan. He was transferred to Oklahoma the following year and then to Tennessee where he served as a field man for 11 years. In 1940 he was MLG of the Tennessee pond of Blue Goose. At that time he was also serving as vice-president of the state fire prevention association.

Assigned to the Detroit office in 1940, he was appointed manager of the Michigan department in 1941, which position he left in 1943 to serve in the navy. In 1945 he resumed his duties as Michigan manager.

Goes To New York

In 1946 he was transferred to New York and became assistant U.S. manager of North British, Ocean Marine, and vice-president of Pennsylvania and Homeland. In 1952 he was named

U.S. manager and president. When the U.S. branches of Commercial Union and North British merged in 1959, he became U.S. manager of the combined group. In 1955 he was elected chairman of Central Surety.

Mr. Nolen is a trustee of Underwriters Laboratories, a director and finance committee chairman of Insurance Information Institute; a governor of Inter-Regional Insurance Conference, and a director of General Adjustment Bureau, Underwriters Salvage Co. of New York, Sanborn Map Co., and Insurance Society of New York.

Other Positions Given

He has also served on the executive committee of National Board, Eastern Underwriters Assn., Western Underwriters Assn., and Western Actuarial Bureau, and on the management committee of midwest fire rating bureaus and Oil Insurance Assn. He was chairman of GAB when it was merged with Western Adjustment and was chairman of the governing committee of New York Fire Insurance Rating Organization in 1956 and 1957.

Cal. AR Risks Drop 30%

New risks in the California Automobile Assigned Risk Plan dropped 30% in the fiscal year ending June 30, compared with the previous fiscal year, Manager T. G. Aston Jr. reported. Renewals were up 16%, which Mr. Aston attributed to the large volume written in the two previous years.

Total new and renewal assignments were down 14%, indicating a trend toward depopulation of the AR plan. Mr. Aston said it is expected this trend will continue.

Sales, 'Total Coverage' Of Group Health Insurance Compiled By HIA

The extent of group health insurance coverages sold in the United States in 1960 and the total amount of such coverage in force is shown in the chart below. The data was compiled by Health Insurance Assn. and Institute of Life Insurance on the basis of a survey of 680 life, health and casualty companies in the U. S. and Canada that write group health in-

surance in the U.S.

The showing of master policies and certificates providing more than one coverage are counted for each kind of coverage, but the data for group comprehensive major medical expense is not included in the hospital, surgical or medical expense lines although such insurance does provide for each of those expenses.

Kind of Coverage	Year	NEW BUSINESS ISSUED DURING YEAR		TOTAL IN FORCE DECEMBER 31	
		Number of Master Policies	Number of Individuals Covered	Number of Master Policies	Number of Individuals Covered
Group Wage Replacement (including Group Credit Health insurance)	1960	50,730	1,579,000	281,180	20,970,000
	1959	41,460	1,437,000	258,940	20,804,000
	1958	31,860	1,333,000	247,920	20,460,000
Group Hospital Expense Employee Coverage	1960	23,630	1,632,000	112,790	17,492,000
	1959	20,960	1,519,000	105,150	16,670,000
	1958	17,500	1,413,000	98,210	16,524,000
Dependent Coverage	1960	22,100	2,779,000	103,750	29,403,000
	1959	18,710	2,575,000	95,940	28,132,000
	1958	15,170	2,187,000	89,490	27,741,000
Group Surgical Expense Employee Coverage	1960	23,420	1,637,000	113,140	17,803,000
	1959	20,910	1,567,000	104,970	17,128,000
	1958	17,290	1,433,000	98,370	16,932,000
Dependent Coverage	1960	22,050	2,880,000	103,550	29,377,000
	1959	18,650	2,643,000	95,140	28,175,000
	1958	14,990	2,203,000	89,070	27,746,000
Group Medical Expense Employee Coverage	1960	19,640	1,070,000	79,820	10,684,000
	1959	17,930	1,142,000	71,090	10,490,000
	1958	14,610	1,007,000	62,170	9,715,000
Dependent Coverage	1960	18,380	1,697,000	72,810	16,795,000
	1959	15,690	1,651,000	64,020	15,827,000
	1958	12,380	1,287,000	54,850	14,919,000
Group Major Medical Expense — Supplementary to Basic Plans Employee Coverage	1960	10,360	1,274,000	26,630	6,669,000
	1959	7,220	1,146,000	17,750	5,399,000
	1958	4,350	774,000	11,140	4,333,000
Dependent Coverage	1960	10,070	2,190,000	26,020	10,616,000
	1959	7,120	2,062,000	17,260	8,501,000
	1958	4,210	1,494,000	10,710	6,726,000
Group Major Medical Expense — Comprehensive (no basic plans) (see note below) Employee Coverage	1960	7,790	799,000	26,840	3,079,000
	1959	8,020	499,000	22,370	2,431,000
	1958	8,400	744,000	16,170	1,960,000
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New Kind Of Lawyer Is Seen Dominating Big City BI Cases

A new kind of lawyer—sort of a big city slicker with dubious ethics—is now dominating personal injury litigation, much to the detriment of the insurer and the public, Edward P. Gallagher, executive vice-president of American States, told attorneys attending the defense clinic at Milwaukee.

This type of lawyer is the damage specialist—habitat: mainly big cities; distinguishing characteristics: aggressiveness, with keen eyesight enabling him to spot a big contingency fee at a hundred yards. He and his colleagues amount to only about 3% of the 250,000 lawyers in the U. S., Mr. Gallagher estimated, but he has practically driven the general practicing lawyer out of the damage field in larger towns.

Mr. Gallagher recounted the case of a young lawyer with two years' experience, who had 300 damage cases in suit. "Now you tell me what wonderful personality this boy had that brought 300 people to him," he remarked.

Contingency Fee Not Contingent

He termed the contingency fee "one of the great fictions of our time," saying there no longer is anything contingent about it. Citing a report of the Project for Effective Justice by Columbia University, he related that in New York City, damage specialists received a fee in all but 10% of the cases they handled; thus the fee is practically assured and absolute.

Plaintiff specialists receive about \$76 million yearly in New York City, the project report reveals. At an average \$50 BI premium, it would take 1,520,000 New Yorkers to pay the insurance bill for these fees, Mr. Gallagher declared. Nationwide, \$580 million would be a conservative estimate of money obtained in fees, he said. BI premiums of \$50 would have to be collected from 11.6 million people to cover this loss.

The point, Mr. Gallagher explained, is not whether the contingency fee system is necessarily bad, but that it adds to the cost of coverage, which in turn adds to the public's ire. This opinion seems to be shared by no lesser authority than NACCA leader

Melvin Belli, whom Mr. Gallagher quoted as saying, "I think one half of the San Francisco (his town) lawyers handling personal injury cases charge their clients too much." And better still: "If they don't regulate themselves and reduce their fees, the state will step in with a commission. By cutting present high fees, there will be no need for a state commission."

High claim costs also restrict the market, he said, noting that in the three years that compulsory coverage has been in effect in North Carolina, the number of drivers forced into the assigned risk plan has risen from 1/2% to 13%.

Mr. Gallagher lamented the deleterious effect that the damage specialist has on the American bar and that he is encroaching upon the smaller communities. However, the premium-paying public is not going to ignore this, he said.

Glens Falls' offer to exchange one share of its stock for each share of outstanding Kansas City F&M. has been concluded with the acquisition of 100% interest by Glens Falls. Kansas City F&M. will remain a separate entity.

Claims Men, Lawyers At Milwaukee Clinic

(CONTINUED FROM PAGE 1)

cedures and more unified action among defense lawyers, especially in bar associations and in dealing with the legislature.

Harry P. Hoeffel, Appleton, Wis., said that lawyers must not think of themselves as "hired gladiators, who for a suitable fee . . . do the bidding of soulless corporations." Unless he believes he is doing something more than earning a fee, a defense lawyer cannot maintain a sincere attitude of offense. "If receiving the fee is his only consideration, he will eventually run out of enthusiasm and sincerity."

The defense attorney, Mr. Hoeffel pointed out, has a duty to the public and to the insurer to protect insurance funds from the spoliation of the something-for-nothing crowd. Therefore, there is no basis for any feeling that he is not making a real contribution to the economic system. Furthermore, there is no reason why the defense lawyer should not employ the same forceful tactics that the plaintiff's attorney, so often blessed with

public sympathy, uses.

He pictured defense attorneys as suffering some sort of inferiority complex. They have been observed as being reluctant to take any case of importance "unless they were completely equipped with headguard, nose protector and shinguards," the weight of which robbed them of their ability to maneuver. We hear ourselves referred to as 'defense-minded' and take it as a compliment. This could be synonymous with 'overly cautious,' he remarked.

A lawyer's repeated bawling that he has the tough side of the case does little to enhance his confidence. "I believe it is impossible to sit at a counsel table in the trial of a jury case and not have the jury sense whether a defense counsel is sincere and his attitude confident," he declared.

In order to deal aggressively in the defense, an attorney must first be objective about the case, Mr. Hoeffel stated. The position of the attorney is that of the advocate and not of a party. If he doesn't get above the per-

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sonalities in the case, he probably will not see the facts with which he must deal objectively. "When we banish subjectivity, our wits are free to try the case," he said.

Sometimes defense counsel sees facts and situations which should be brought out forcefully but he is hesitant to use them for fear of appearing flinthearted to the jury. Mr. Hoeftel disagreed with this thinking, saying that a hard-hitting attack that brings out all the material facts should be maintained, even though it may be unpleasant to the parties involved.

"When the chips are down and they are blue, we as trial lawyers do not have the right to substitute our subjective ideas of nicety for the bare facts in which we honestly believe."

What if the jury finds the defense offensive and administers a slap on the wrist in the way of adding a few thousand dollars to the verdict? "This is a calculated risk," said Mr. Hoeftel, "and in my opinion it is better to take it than get the slap anyway and wonder . . . what would have happened if we had pitched all our balls and taken all our strikes."

The traditional method of determining fault by comparison of actions of the defendant with those of a reasonable or prudent man is based on sound theory and should be preserved, said Arno J. Miller of the firm of O'Keefe & Miller, Portage, Wis. There is too great a tendency for courts to treat each case as an individual matter in order to give sympathetic consideration to one party or another, and the consequence of this is uncertainty in the law. Such uncertainty is not desirable. "If law is to govern the everyday

conduct of man, certainty is a characteristic that never should be absent from its application," he declared.

Mr. Miller said the only alternative to the present basic law of negligence would be the doctrine of liability without fault, something which would be pernicious to the best interests of the bar and the moral fiber of society, he warned. Under such a system, there would be certain but greatly reduced recoveries, and presumably the instrument of this system would be a workmen's compensation-type commission. Gone would be the high contingency fees of plaintiff's attorneys, but defense counsel would receive only a pittance. Moreover since the Supreme Court has held in the case of realtors that laymen can practice law, the claimant might not even need a member of the bar.

Mutual Insurer Named Society

Assurance of compensation irrespective of fault, Mr. Miller continued, is hardly conducive to responsibility or desirable behavior. "Society would in effect act as a mutual insurer of all of its members. The deterrent of fault would be wholly lacking, as would the deterrent of excess liability. Society would find another reason to lower its moral standards, and there are too many opportunities for sapping the moral fiber of society now."

There is too much to lose and too little to gain by failing to preserve the theory of fault, but reform should come within the framework of the present law, he said. To substitute the theory of liability for that of fault "would mean that we couldn't properly apply the principles involved, and it would be a human failure rather than a failure of the theory itself. It would be unfortunate if our generation was forced to admit that we could not meet the challenge," he said.

Opens N.Y. Office

Towers, Perrin, Forster & Crosby of Philadelphia has opened a New York office for its reinsurance division under Bernard D. Berry. The office, at 99 John Street, will serve business in metropolitan New York and New England. Mr. Berry has been with the firm since 1956.

Md. Casualty Appoints

Maryland Casualty has appointed A. Reid Johnson assistant agency director. He was formerly with the company at the home office and at New York and most recently has been head of the agency division of New Amsterdam Casualty. He has had more than 35 years experience in the business.



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THROUGHOUT THE WORLD

G.M. Betterley Tells What Buyers Favor

(CONTINUED FROM PAGE 13)

buyers, he observed. The need is to educate the public not to think of insurance as the cure-all for every small loss sustained. When a buyer pays for these small losses, or a portion of a large loss, out of his own pocket, invariably he has a greater interest in the prevention of future losses. The increased use of deductibles would help check the ever-increasing claim consciousness of the American public, he declared.

The buyer has a responsibility to obtain adequate coverage at reasonable (not the cheapest) cost. He looks favorably upon such aspects of automation as direct billing and continuous policies so long as these tend to reduce the expense part of his premium. The commercial buyer particularly is aware of the demands for greater efficiency and cost-saving through automation in his own business.

New Ideas Promote Progress

The public must be protected against inadequate, financially unsound underwriting through reasonable rate regulation. But, he said, the public cannot look favorably on regulation which stymies healthy competition or denies the buyer the right of access to all legitimate markets. Companies should not be discouraged from deviating from traditional concepts if in doing so they can better serve the public interest. New ideas promote progress, and to thwart this can only result in slow decay.

Mr. Betterley said he has yet to hear a knowledgeable buyer speak in favor of anything other than continued supervision of the business by the states.

As to commissions, the buyer ultimately measures cost against value received. Many are surprised to learn the percentage of their premium dollar that goes for commissions when they compare this against the service furnished, or not furnished, by their agents. Many would argue in favor of a downward revision on certain lines where the commission is not commensurate with the service required. In some instances they might concede

more commission is justified.

It seems inevitable that the agency system must accept future changes in commission scales, he said. Different approaches should be considered for the two major segments of the market—a more standardized treatment for the mass market of personal lines, and a more specialized treatment for the commercial lines.

Buyer Not An Outsider

Companies, agents, bureaus and associations can no longer think of the buyer as an outsider intruding upon sacred domain, Mr. Betterley believes. Competition is keen and success comes to those most sensitive to the customers' needs, who can design the best product and give the best service. Price alone does not determine success or failure.

The future vitality of the agency system depends upon greater service, he declared. The buyer needs and demands more service. No agent can afford to be less well-informed than his customer. Greater attention should be given to assisting the buyer in evaluating his risks, deciding not only where more insurance is required, but also where there is economy in buying less. Greater awareness of the means of preventing or reducing loss is essential. Assistance at time of insured loss or claim is the greatest public relations opportunity the producer has. He warned agents not to overlook this. It will produce a friend for life, and that friend will win other friends.

The agent cannot rely on the mailing of a renewal policy, with the invoice on his own billhead, as his principal tie with his client. The more he is freed of office routine and details, the more time he has to spend on his two principal functions—producing new business and adequately servicing the business he obtains. The agent who renders professional service need not worry about competition.

Bischoff Promoted By State Farm Mutual

Robert D. Bischoff has been named assistant vice-president of State Farm Mutual Auto. Formerly director of public relations, he left that post in 1959 to undertake a two-year field study program in customer relations for State Farm. The program, carried out in the southern California office, has just been completed.

Mr. Bischoff has returned to Bloomington where he will undertake projects assigned by the president, to whom he will report. He also will resume membership on the company's operation committee.

Fund Promotes Lynch

Thomas A. Lynch, formerly in charge of group disability operations of Fireman's Fund in the eastern department, has been advanced to manager of the disability department in that area. He joined the Fund as a group specialist in 1952.

America Fore Names Manager, Assistant

America Fore Loyalty has appointed Frederick Hoyes manager at Portland, Ore., to succeed C. R. Maddock, who has retired. Robert O. Pfeifer has been named assistant manager there.

Mr. Hoyes has been with the group for 20 years, most recently as agency superintendent for Fidelity & Casualty at Los Angeles. Previously he was an underwriter at Detroit and Los Angeles and a special agent in California and Arizona.

Mr. Pfeifer, formerly special agent in southern Oregon with headquarters at Eugene, joined the group at Portland in 1947. He was special agent there from 1950 to 1956, when he was transferred to Eugene.

Insurers of Knoxville has elected R. L. Oakes Jr. president to succeed Williams Dunford. Other new officers are L. C. Chapman, vice-president, and Mrs. Margaret Davies, secretary-treasurer.

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to give you instant replies to your inquiries.

All lines of coverages—written in 20 year old company

*Primary coverages in Pennsylvania

* Surplus lines written through licensed agents in other states which permit non-admitted carriers to write liability coverages.

Fire

Fidelity and Surety

Comprehensive General

Automotive

Reinsurance

Excess Limits



Owners, Landlords, and Tenants Liability

Manufacturers and Contractors

Garage Liability

Liquor Liability

Retrospective Contracts

(a) Physical Damage

(b) Auto Liability

EMPIRE MUTUAL INSURANCE COMPANY

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Philadelphia, Pennsylvania

TWX # PH 1587

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Hartford Fire Names Hall At S.F. In IM

Hartford Fire group has named William R. Hall associate superintendent of inland marine at San Francisco.

Mr. Hall's entire career has been with the group at San Francisco where he started in the statistical department in 1949. Later that same year he was named to the inland marine department as an underwriter and in 1952 he was advanced to assistant superintendent.

Alexander & Bolton agency of Alexandria, La., held an open house at its new quarters at 3130 Jackson Street. The agency had its beginnings more than 71 years ago and grew into the present organization through acquisitions and mergers. R. C. Bolton, president, is observing his 49th anniversary with the firm.

The Vermont .75% tax on fire premiums, which went to the state fire marshal's office, has been repealed. The tax has been collected since 1922. The reason for repeal was retaliatory tax laws applied by other states on Vermont insurers.

Travelers Names Two In Ohio Changes

Marcus E. Gardner has been made manager of fire and casualty lines for Travelers at Toledo. His successor at Cincinnati, where he has been fire-casualty manager since 1959, is Donald A. Edwards, formerly assistant manager at Cleveland.

Mr. Gardner joined Travelers at Indianapolis in 1947 and was an assistant manager at Cleveland before his transfer to Cincinnati in 1957 in the same capacity. Mr. Edwards has

been with Travelers since 1950, having served at Richmond and Cleveland as a field supervisor. He was made assistant manager at Cleveland in 1956.

Empire Mutual Promotes

Empire Mutual, Philadelphia, has elected S. L. Rosenfield a vice-president and director. He has been claims manager since 1952. Before joining the company, Mr. Rosenfield was office counsel of Sun-Ray Drug Co. and later claims manager of Hamilton Ins. Co.

Hartford Names Owens Assistant Manager

Hartford Fire group has appointed George W. Owens assistant manager of the New York department to succeed H. C. Davis, who has retired.

Following seven years with Iowa Inspection Bureau at Des Moines, Mr. Owens joined New York Underwriters in 1928 as a special agent in Iowa. He was named state agent in Nebraska in 1930 and promoted to executive special agent at Chicago in 1937. In 1940 he was transferred to New York

as superintendent of automobile and inland marine. He was elected secretary in 1942 and vice-president in 1957.

Babaco Foils Hijackers

A Babaco burglar alarm prevented an attempted hijacking of over \$1 million in diamonds recently in Brooklyn.

A driver for Custom Cartage Co. had picked up 20 packages of industrial diamonds from several airline offices in International Airport and placed them inside a safe in the locked truck. As the vehicle stopped for a light, a car with two men in front and two in the rear pulled alongside. The two in back leaped out, and one jumped on the truck's running board, indicating he had a gun in his pocket. The driver turned on the Babaco alarm. At the siren's wail, the two bandits jumped off the truck, got into their car, and departed. The siren drew the attention of radio patrolmen, who vainly searched the area for the thieves' car.

Mutual Manual Changes

Mutual Bureau has revised classifications, rules and rates of the liability manuals in Louisiana, New Jersey and Texas, effective July 12. The revisions are in line with those made last month in 42 states.

In the three states, elevator liability rates are down in accord with elimination of interlock and contact discounts. In Louisiana, OL&T BI rates are revised for schools and residences. In Texas, a "saline substance" property damage exclusion has been applied to risks involving gasoline or oil operations.

Interstate Raises Dividend

A 2% stock dividend and 25 cent semi-annual cash dividend have been declared by Interstate Fire & Casualty. The stock dividend, first ever declared by Interstate F.&C., was paid July 20 to stock of record July 14. The cash dividend will be distributed Sept. 20 to stock of record Sept. 5.

Previous cash payment this year was 22½ cents, declared in March. Semi-annual dividends paid in 1960 were 17½ cents and 20 cents, paid in March and September.

Hartford Raises Havey

Hartford Accident has appointed Philip A. Havey superintendent of engineering at the home office to succeed John L. Pickens, who has been transferred in that capacity to the Pacific department. Mr. Havey joined the company at Hartford in 1936 as an engineer. He was transferred to the New England district in 1954.

Malpractice

You can depend upon our specialized experience in this highly technical field of liability coverage.

Competitive Rates For

Hospitals
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Everything's coming up roses

For C. M. Verbiest (shown above in the garden of his Grosse Pointe, Michigan home) everything is coming up roses . . . in a profusion and splendor that's breath-taking to behold. Green thumb? No doubt about it. But it's obvious, too, that the beauty and perfection of Verbiest's roses can only be the result of dedicated labor.

That, in fact, is the "key" to the man . . . all out dedication to anything he undertakes, as a look at the record reveals . . . served as vice president and general manager, Dearborn National Fire and Casualty Companies; director and former president, Road Aid, Inc.; organizer and president, Mid-America Insurance Co.; past president and director, Detroit Association of Insurance Agents; Governor for Michigan, University of Notre Dame Foundation.

Today, Verbiest is President of his own company . . . C. M. Verbiest and Associates, Inc. And "everything's coming up roses" in his agency, too,

for it's one of the nation's largest in providing group forms of insurance protection for professional societies and associations at local, state and national levels. This success is attributed, in part, to a 15 year association with Standard Accident. On this score, Verbiest states "Standard is a leading Company in my agency. Alertness and attention to our special needs throughout the changing scene and superb claim service have been invaluable to us."

Standard, you see, is dedicated to helping its agents. May we number you among them?



SYMBOL OF SERVICE FOR 77 YEARS

**STANDARD ACCIDENT
INSURANCE COMPANY**

640 TEMPLE AVENUE • DETROIT 32, MICHIGAN

CASUALTY • FIRE • MARINE • FIDELITY • SURETY

McCullough Takes Look At Regulation Fray

(CONTINUED FROM PAGE 2)
rather brief insurance code. Its requirements do not appear to a reader to be particularly stringent, and it has a standard all-industry rating law. The staff of the Connecticut department is not as large as that of some other states. It probably has just as many problems to face as some of its sister states. Yet Connecticut has an enviable reputation in regulatory circles.

Virginia has a set of rating laws that are about as rigid and as tightly drawn as any. The department has done a good job for the public. Certain companies have had to give up a certain amount of freedom to go their own way and have had to forego the use of competitive tools that are available in other states. Despite the apparent rigidity of the Virginia setup, the last time Mr. McCullough checked, the leading automobile insurance writer in that state was an independent. Apparently, judging from results at least, this company has not been seriously hampered by the lack of freedom it might enjoy in another part of the country.

In probably no line of insurance is there a greater adherence to bureau rates than in workmen's compensation, he continued. Part of the adherence is because of the practical requirements of the bulk of the business being written under individual experience rating. But despite general adherence to bureau rates, there is still lively competition as to costs, broad coverages, and a remarkable absence of serious problems in the rate revision processes.

Identifies Vital Factors

Mr. McCullough's point is that the quality of regulation depends not so much on the wording of the statutes but on the general competency, integrity and courage of the people who administer them. "Point to a state where the caliber of regulation is generally considered above average, and you will find yourself pointing to a number of other factors—such things as a tradition for fairness, a willingness to take responsibility, freedom from political interference, willingness to permit free enterprise to experiment and grow, knowledge of the business regulated, and civil servants who work all day. As proof of my point, I think you can look around, particularly if you have been involved in regulatory processes for a few years, and think of a few states where the laws have not changed substantially over the years, but the quality of regulation has had some remarkable ups and downs, according to what administration was in charge. Possibly you can even think of certain states where, although the laws have not changed, there has been a steady decline or a steady improvement in the caliber of regulation," Mr. McCullough declared.

Mr. McCullough said that everyone realizes by now that regulatory processes do not exist to hamper a competitor in bringing out a new idea. The procedure of rushing to the insurance commissioner (or to the courts) to get someone to put the squelch on a new installment plan or a new package policy brought out by a competitor is foolish. If the idea is any good, it will probably succeed anyway.

On the side of government there are two areas that need the most improving:

1. Some of the departments have what can only be called a passion for the picayune. They seem to be fascinated by such things as correcting the phrasing of relatively unimportant parts of rules, policies or endorsements; requests for detailed statistical justification of minor rating relativities that can only be based on an underwriter's fair judgment; creation of detailed safeguards against imagined discriminations that can never really pose a significant problem.

2. This has to do with a "plain old fortitude." It takes courage in a government employee to approve a rate increase, to stand off the politicians, to turn down an unwarranted deviation or to grant one that is deserved but possibly unpopular with agents. It takes even more courage to admit and correct a previous mistake.

Most Of Ky. Department Staff Under Merit System

Most employees of the Kentucky department have been placed under the merit system. The exceptions are the commissioner, deputy commissioner, their secretaries, division directors and the custodian of insurance securities.

The merit system law was advocated by Gov. Combs and adopted by the 1960 legislature. Commissioner Hockensmith said the system "will offer career opportunities, extend job security and improve the overall caliber of insurance department personnel in years to come."

Nationwide Names Mason

H. Raymond Mason has been named personnel manager for the western Ohio region of Nationwide. He succeeds James A. Willmore, who became manager of regional personnel department appraisals. Mr. Mason has been with Nationwide since 1951 and for the past year has been assistant personnel and public relations manager for the western Pennsylvania region.

Putnam, Knudsen & Weaver, has been formed with the consolidation of the Oakland, Cal., brokerage firms of Putnam & Weaver and Duncan H. Knudsen Co. C. M. Putnam will be chairman and Mr. Knudsen president.

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NATIONAL INSPECTION CO.
309 West Jackson Boulevard
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Service to Stock Fire Insurance companies for 58 years.
Inspections and Underwriting Reports

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Agents report added premium volume with London & Lancashire's new combined Trip Accident and Travel Baggage policy.

Contact your L & L fieldman for complete promotion kit, including sure-fire counter display and sales folders, or write . . .

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ARGONAUT INSURANCE CO.
Home Office: Menlo Park, California • WORKS - LIABILITY - AUTOMOBILE - LIFE & SURETY BONDS - through agents and brokers

North America Has Special Ad, Sales Campaign Under Way

North America has launched an eight week summer sales promotion and advertising program with the first of eight weekly advertisements in Sports Illustrated.

The ads call attention to the company's packaged personal and commercial policies. The theme is a "word to the wives." Ads feature agents' wives talking about their husbands who are too busy selling North America products to join in normal summertime activities. A supplementary series of ads will appear throughout the program in insurance publications—again promoting the summer program theme and spirit.

Backing up the new advertising effort is a direct mail program highlighting the same theme. Direct mail pieces will be sent to agents' homes in a sequence corresponding to the weekly ads in Sports Illustrated. An identical series of mailers will also be sent to the company's more than 20,000 agents and brokers throughout the U.S. and Canada at their places of business.

There are also a sales idea booklet, newspaper tie-in mats, mail inserts,

posters and displays. In addition, the company is publishing a special issue of Fieldman, a company publication distributed monthly to the same production force, which is bound with a four-color, gate-fold cover identical with the advertising insert that will appear in insurance journals. The editorial content of the special issue of Fieldman will be devoted entirely to the promotion of the package policies and the "word to the wives" campaign.

Another feature of the eight week program is a concurrent series of sales incentive awards designed to appeal to agents' wives.

Employers Liability Names Dutka And Lind In Mass.

Employers Liability has promoted Lester E. Dutka to assistant manager of the western Massachusetts office. Norman E. Lind has been named to succeed Mr. Dutka as field representative in southeastern Massachusetts.

Mr. Dutka joined the company in 1950 and was in the underwriting and agency departments in Connecticut before being named to his most recent position in 1955. Mr. Lind joined the company in 1929 and has been a senior underwriter at Boston and a field representative at Cape Cod.

Fresh View Of Foreign Insurance By Daum After Prize Trip Abroad

Robert W. Daum Jr. of North America's international and treaty reinsurance department has found that the British are ahead of U. S. insurers in underwriting but are lagging behind them in merchandising. In a talk at the annual dinner of alumni association of the school of Insurance Society of New York, Mr. Daum reported on his observations during his six week trip to London and the Continent as the 1960 winner of the Anglo-American Fellowship award of Agency Managers Ltd.

The rating freedom in England permits special rating plans for all kinds of groups, Mr. Daum said. He cited one which provided a 10% reduction in rates for all members of a dairy cooperative.

British insurers are also writing some property covers on an employee group basis. Mr. Daum also found that some agencies maintain a full time office setup within the plant of an industrial complex such as Rootes Motor Co.

The business in Great Britain is highly competitive between the two large segments of the market—the tariff companies—which correspond to U. S. bureau companies, and the non-tariff, roughly comparable to independents in this country. Lloyd's, of course, is non-tariff.

The problem of severe competition from direct writers has not arisen in England although there are some of these companies.

Other British Features

The law is so liberal that almost anyone can get a producer's license and for this reason many persons have licenses and get a commission rebate on nothing more than their own business. Except in London, there are very few full time professional agents as known in the U.S.

Since basically there is little control over forms, there has been much experimentation in policy design and it is possible to buy all types of package policies. England has not had multiple line restrictions, and these packages cover across the board. One doesn't have to have much of an imagination to trace the U.S. homeowners policy to the English householders comprehensive, Mr. Daum declared.

The rule book in England is not the sacred work it is in the U.S. An English underwriter has almost complete freedom to underwrite and to change his coverage, rate, or conditions to adapt to a particular underwriting situation. Mr. Daum recalls being involved in a situation where a broker was trying to arrange liability insurance on a young driver who already had some trouble with the law.

The underwriter's approach was quite simple. He insisted first on a 30% increase in rate. The youth was limited by policy provision to driving the low powered car and not the family's high powered sports car. Furthermore, while he was driving the car, a 25-pound—roughly \$75—deductible was applicable to all perils.

The underwriter made these alterations without consulting anyone and furthermore, did so with full assurance that the restrictive condition would be enforced in a court of law. He knew, for example, that he would not be called on to provide coverage if the youth went out in the sports

car. Under similar situations in the U. S., it is quite doubtful if underwriters could make such conditions stick. They would find that after a loss the court would read different facts into their intention.

Mr. Daum touched on the highlights of the differences in operation

(CONTINUED ON PAGE 38)

Maybe There's A CONTINGENT COMMISSION Hiding In This Ad

Read on. There may be money in this for you. This money comes from a sure means of reducing your loss ratio.

Pick up your pencil. Let's say you had ten fire losses among your policy-holders last year. Perhaps two were total losses. Let's forget those, and work on the other eight. (Now's the time to sharpen your pencil.)

Suppose you could have saved an average of 5% on those eight losses? Maybe as much as 10% — or 15% — or even 20%. How? That's the kind of saving that Airkem Smoke Odor Service regularly makes on fire losses. If the loss is not total, Airkem SOS can almost always produce a reduction in the claim.

Now take your sharp pencil and figure out what Airkem SOS could have saved on your eight losses. Figure out how much your loss ratio could have been improved. Figure out, in dollars and cents, what your contingent commission might have been.

See for yourself—in Airkem's new 15-minute color film, THE NOSE—FRIEND OR FOE?—how Airkem SOS can help reduce your loss ratio while it provides added service for your policy-holders! We'll be glad to arrange a showing.



Peter Hopkins, Airkem, Inc. Dept. NU7
241 East 44th Street, New York 17, N. Y.

Please show me your film,
"THE NOSE—FRIEND OR FOE?"

Name _____

Company _____

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EXCLUSIVELY

More than a quarter century of constant progress and growth through unexcelled personalized service to insurance companies.

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HAIL • AUTOMOBILE
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810 Baker Building, Minneapolis 2, Minnesota

CHICAGO OFFICE

H. A. GOETZ J. L. SCHELLIE
208 South LaSalle Street, Chicago 4, Illinois

LIFE IS SERVICE... THE ONE WHO PROGRESSES IS THE ONE WHO GIVES
HIS FELLOW BEINGS A LITTLE MORE — A LITTLE BETTER — SERVICE.

Executives Comment On Business Problems

(CONTINUED FROM PAGE 1)

all line groups of the country finds the situation very much as described. He adds:

In fact, I would go even further by saying that while our automobile operating ratio was several points better than for the average of 15 important fleets last year, it has deteriorated this year. You also say that homeowners is close to the red. Last year we had an operating ratio of 95, which compared favorably with a 13 fleet total developing a 99.1 operating ratio. The companies in the 13 fleets wrote \$213,889,000 in homeowners, excluding our group. I would be very much surprised if these same companies have an operating ratio of less than 106 this year, perhaps worse.

I do not feel that your estimate of the situation is too gloomy. However, one must realize that we are comparing the first five months of this year with the unusually good five months of 1960. Actually, we are within a few tenths of a percent of the operating ratio we had in 1959 for the first five months, and we wound up 1959 with an operating ratio of 97.4. So all is not lost. I think we may do the same thing this year barring an east coast hurricane or some other unusual catastrophe.

As to file-and-use laws, I think we are in for a bitter struggle but hope the companies will not lose heart. Agents have an unreasonable fear of file-and-use laws which seems to be based on a belief that they will bring about lower commissions and more difficult times for them.

Agents Need Them

This I do not believe. In fact, I believe their long range future welfare is dependent upon getting file-and-use laws. In the final analysis their interests are the same as ours. Commissioners are influenced, no doubt instinctively, by fears that they may lose some power through file-and-use laws and thus they welcome the support of agents and mutuals in their opposition to any change in the prior approval provisions of the present laws. The resolution adopted by National Assn. of Insurance Commissioners unanimously opposing file-and-use laws was a great blow to the prospects for continuation of state regulation of rates.

We have been working very hard for many years to put our company in a more favorable position than the average. I believe we have achieved it. We have a much better than average staff in the field and in the head office. They are better equipped to cope with the problems of today than those of most other companies. Their wits have been sharpened and their training has been accelerated by having to fight for their present position. Our competitors have done us a service in this respect.

As to agents, we have had quite a turnover in recent years because we have deliberately sought youthful agents and those prepared to accept change and capitalize on it. By and large, our agents are better disciplined and we have a large number who are aggressively behind our objectives.

Better Field Service

We are improving the calibre of our field services in many ways, among which is our program for making our own rates in a good many classifications. Thus we avoid the delays and rigidity of bureau rating. This enhances the stature of our field men and makes better underwriters of us

all. Sometimes I wish I were in the field again, for this is a goal I dreamed of as a field man.

We have had a good deal of experience with advertising, public relations, and incentive programs, which we believe will pay off in these highly competitive times. Our studies in marketing are maturing gradually.

We have a number of programs under way looking to improved and less costly handling of our business.

* * *

I agree fully with your observations and there is very little that I can add. I would suggest that you take a look at the loss frequency in the automobile liability area; also, the size of claims. I think you will find that both of these factors are creeping up on everyone writing automobile insurance. If you will acquaint yourself with the first quarter underwriting figures of the two largest direct writers, you will find a substantially lower underwriting profit for 1961 than for 1960.

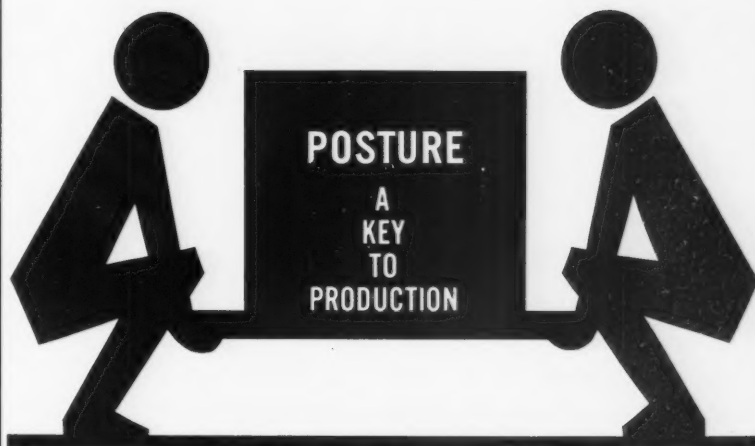
Compact Discount NG

Aside from an obvious necessity for more sanity in the whole rate making field, particularly in homeowners and personal lines, there are some other things that could be done. It is apparent that the 10% discount being allowed on compact cars is developing on an unprofitable basis.

You ask if we have any ideas for keeping our company in a more favorable position than the average. Our objective is to provide products for our policyholders at realistic prices and competitive facilities for our agents that will be profitable both to them and to our companies.

* * *

The chief executive of a large multiple line (no life) group believes that the average company has to continue



Since back injuries are a major cause of costly industrial accidents, PEG safety engineers put heavy concentration on such details as proper posture in lifting. By instructing, demonstrating, coaxing, reminding and checking, they keep men healthy—and working.

PRECISION SAFETY ENGINEERING PAYS DIVIDENDS

It increases production and lowers net cost of insurance. PE Workmen's Compensation policyholders have received more than \$28,000,000 in dividends!



PEG

PACIFIC EMPLOYERS GROUP

OF INSURANCE COMPANIES



PACIFIC EMPLOYERS • MERITPLAN • ALLIED • CALIFORNIA UNION • CALIFORNIA FOOD INDUSTRY

TIME-TESTED

A RECIPE FOR DOING BUSINESS *that* SATISFIES

a bowl of New England chowder, or a dish of Indian pudding, Peerless Insurance Company's time-tested recipe for doing business combines integrity...dependability...and service. Accompanying a portfolio of modern coverages in the Bond, Fire, Accident & Health and Casualty fields, it is a recipe that assures better business for you.

In The Finest New England Tradition of Service • Modern Multiple-Line Coverages • Bonds and Burglary • Fire and Inland Marine Accident and Health • Casualty and Liability Lines • Reinsurance

PEERLESS INSURANCE COMPANY KEENE, NEW HAMPSHIRE



As sure to satisfy you as a pot of Yankee beans,

to operate semi-independently. The competition today demands that the insurer have enough flexibility to maneuver. He did note, however, that the advisory organizations and bureaus are moving considerably more rapidly than they used to.

Agent Needs Volume

It is essential, he said, to keep hammering on the education of agents. The fire and casualty company operating on the agency system of distribution finds today that it is essential to get agents who are more responsive to its needs and operations than it has had in the past. It is inevitable, he thinks, in view of the intense competitive climate, that the agent produce a larger volume for the insurer at a lower commission per unit of sales. On the other hand, the company has to live with higher loss ratios on practically every line. Premiums are being driven down by competition and losses are being forced up by broader coverages.

His own company, he said, is no longer fighting for homeowners business, and it is underwriting offerings carefully. In this way he hopes to

break even on this policy—though he is not optimistic about doing so.

He regards the streamlining of operations on personal business at both the company and agency level as absolutely essential. Expense ratios simply have to come down. Streamlining will make use of electronic devices mandatory.

* * *

One president finds:

Our fire and extended coverage business has worsened materially in the first five months of 1961. This is brought about primarily by wind and hail losses in the midwest.

Our automobile business has shown a favorable improvement in 1961, and, contrary to the experience of many companies we are slightly in the black.

Our homeowners is in the red, and we have not as yet written a sufficient amount of other new package policies to measure results.

Fortunately, we have for several years underwritten fidelity and surety business very carefully and are continuing to show very favorable results on these classes.

Our general liability, unlike that of

some companies, is continuing to produce quite favorable results. We are also showing a modest profit on workmen's compensation.

We are placing special emphasis on developing our profitable lines and are placing less emphasis on those which are unprofitable.

* * *

We may be less prepared to take care of a real catastrophe and still show an underwriting profit, another president writes. But the surplus positions of most of the industry are certainly strong enough to handle another Hurricane Carol (1954). As of March 31 our surplus was almost 10% higher than it was at last year end. True, this is the result of the stock market to a great degree. The president of one of the larger companies years ago said that he would use his surplus as catastrophe reinsurance. He naturally didn't mean he would show a profit, but the company was quite strong enough to withstand a catastrophe.

Our group had an increase in unearned premium reserve in the five months so that it shows an underwriting loss. But the combined ratios on a formula basis are still under 100. There isn't enough fat to stand a catastrophe and stay under 100. But no one can tell just what the unearned premium reserve picture will be for the next seven months. It can very well run off pretty fast, due to Massachusetts auto, for one thing.

We are in a rate war. That is probably an understatement. The prevailing philosophy in the insurance business now is that the more insured buys, the less it costs. I know of one class that shows a loss ratio of 82 for five years, fire only. So the business has added coverage for other hazards and put them into a package with the fire—and reduced the rate 25%. The 82% risk has a 25% reduction simply because he has been given additional coverage. It is impossible to make money this way.

* * *

Another executive comments: I find it hard to quarrel with your feeling that the business is faced with a number of major and, as yet, unresolved problems. The silver lining to the cloud is that this sort of challenge does put every one of us on his mettle to eliminate any soft spots in his own organization, and, in the long run, tends to separate the men from the boys.

My own feeling is that there is never an over-all cure for this kind of a situation and that the only course to follow is to break the picture down into its separate components and deal with each one separately. The old theory of knocking down a stone wall by butting your head against it has much to commend it.

Named To N. Y. WC Board

Louis Pelowski, senior referee with the New York Workmen's Compensation Board, has been appointed a member of the board to serve the unexpired term of the late Angela R. Parisi. Mr. Pelowski is a member of the Erie County Bar Assn., New York State Bar Assn., and Lawyers Club of Buffalo.

Amass Named To Zurich Boiler Post

Carroll E. Amass, boiler and machinery supervising inspector of Zurich, has been appointed production and underwriting supervisor of boiler and machinery at Atlanta. He was with Hartford Steam Boiler for 10 years before joining Zurich at Atlanta in 1957.

Beam Advanced By Employers Liability

Employers Liability appointed Max W. Beam superintendent of the commercial risks department. He has been active in the development of Employers surplus lines and was its superintendent of underwriting for the past year and a half.

The commercial risks department, which he now supervises, was created to bring together all lines of specially defined risks on an account basis. The department will be equipped with a staff which can handle entire accounts as well as line underwriting problems.

Before joining Employers Liability, Mr. Beam was in the agency business, concentrating on special risks underwriting.

Nun Awarded \$787 In WC For Middle-Of-Night Fall

ST. PAUL—A nun who got up in the middle of the night to get a drink of water, blacked out, fell and suffered head injuries has been awarded \$787 in workmen's compensation by the Minnesota industrial commission. The defendants, St. Michael's parish of Farmington, Minn., and its insurer, Anchor Casualty, were also ordered to pay hospital and medical expenses of more than \$1,100.

Sister Alonzo Winkelman, the defendants argued, was not working when the accident occurred at 2:30 a.m., several hours after she had retired for the night. But the plaintiff claimed she worked around the clock because her duties included taking care of a furnace and keeping the convent in orderly condition at all times. She was the housekeeper whose duties included cooking, washing and ironing and tending the furnace.

Ga. Women Agents Elect

Insurance Women of Columbus, Ga., have elected Kathleen Davis president; Velma Dettloff and Carolyn Lott vice-presidents; Fay Kittrell recording secretary; Eugenie Deason corresponding secretary, and Obie Cross treasurer.

Insurance Women of Savannah have elected Barbara Long president; Emily Partnell and Fran Mehrlick vice-presidents; Ann Treadway recording secretary; Barbara Meyers corresponding secretary, and Loretta Everett treasurer.

W. R. Whitted Promoted

Warren R. Whitted has been named assistant vice-president in the benefits division of Mutual Benefit H.&A. Mr. Whitted has been manager of the Chicago service office for 2½ years. Prior to that, he served in the legal and benefits divisions at the home office. He joined Mutual of Omaha in 1947.

Mrs. Elizabeth Phillips has been elected assistant treasurer of Argonaut Underwriters. Mrs. Phillips was the first Argonaut employee, joining the company when it was founded in August, 1948. She has served as executive secretary to President Harold Hatch.

NEW -- from American Casualty -- a high limit

FAMILY

ACCIDENT POLICY

American Casualty's new TOP Family Protector Policy is a program that insures against Accidental Death — on a family basis. One policy and one premium do the job — insure mother, father and children between the ages of 1 month and 18 years. Principal sum for the father ranges from \$10,000 to \$100,000 and covers BOTH Accidental Death and Dismemberment. Insurance on mother and children is Accidental Death only, in modified limits. As an example, if the father has \$25,000 principal sum, the mother's limits would be \$5,000, with \$1250 on each child.

For complete details and rates, write to the Health Insurance Department, American Casualty Company, Reading, Pa.

ONE premium covers mother, dad & children



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Seattle Times Exposes Unscrupulous Methods

(CONTINUED FROM PAGE 8)

whiplash injuries for courtroom effect. After describing the injuries he had supposedly received in an auto accident, the newsman found that the nurse, doctor and attorney had "taken the bait" in less than 24 hours.

The Times, at the request of the King County Medical Society, turned over all information on the case and the doctor is being investigated for possible disciplinary action.

In the meantime, a spokesman for the King County Medical Society praised the automobile insurance fraud series. "We are happy the articles were done. The best thing is that the Times pointed out clearly that honest doctors never would be involved and that almost all of them are honest."

Also investigated were the activities of professional accident "actors" who travel around the country staging collisions. Their favorite tactic is to load a car with relatives, including small children, and slam on the brakes at an intersection to be sure an innocent driver will strike the car from the rear. The crooks seek quick settlements with insurance companies and move on to the next city. The insurance industry has combated this practice with success through the services of a nation-wide index bureau that cross-checks claimants' names.

CASUALTY UNDERWRITER

Excellent opening in Kansas City service office for a man with several years casualty underwriting experience. Please call Mr. Harper at Kansas City office, BA 1-5255, or Mr. Eby at Chicago office, WA 2-5463 to discuss.

General Accident Group

FIRE INSURANCE ENGINEER

Our insurance agency has a desirable position available for an experienced fire insurance engineer for the Chicago area. Starting salary commensurate with experience and ability. Age open. Liberal benefit program. Write in detail to Z-76, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

ADJUSTER-ATTORNEY

Casualty Company, Chicago Loop. Good salary—quick advancement to Manager. Phone Alvin, SHeldrake 3-3980 12-4 P. M. daily.

CLAIMS EXAMINER

A growing Multiple Line Company located in the South offers an excellent opportunity for Claims Examiner—Fire—Automobile and Casualty. Many benefits are afforded in addition to the opportunity for advancement and to become a part of a progressive organization. Write Z-78, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Medium-sized Chicago agency—eight employees—needs correspondent and office manager with proven administrative ability. Must have good working knowledge of all property-casualty lines. Salary open. Kopeck Insurance Associates, 175 West Jackson, Phone WAbash 2-9505.

CASUALTY & FIRE SPECIAL AGENT

Leading company now expanding its operations in eastern New York state needs experienced special agent with know-how in all casualty and fire lines. Unusual opportunity to develop territory, build secure future, participate in fine benefit plans. Good salary, car, expenses, other advantages. Send qualifications in confidence to Z-79, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

FIRE AND INLAND MARINE UNDERWRITER

Supervisory position with progressive Multiple Stock Company in Chicago. Only man with many years experience in Fire and Inland Marine Underwriting will be considered. No age limit. Salary commensurate with qualifications. Write Z-85, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

EXCELLENT OPPORTUNITY—IOWA FIELDMAN

Multiple Line Stock Company, good agency plant. Age 30-40 with at least five years experience. Please furnish resume and salary to Z-40, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

MULTIPLE LINE FIELD OPPORTUNITY IN DAKOTAS

Excellent old-line Stock Company with good agency plant. Five to ten years experience, age group 30-40. Salary open. Send personal history to Z-41, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

MANAGER

Our multiple line stock company has opening for a service office manager in Milwaukee. We are interested in a man with broad multiple line experience in Southeastern Wisconsin. Please give details of experience in reply to Z-63, The National Underwriter, 175 West Jackson Blvd., Chicago, Ill.

Special Agent

Large stock agency group has opening for a man at Peoria with Multiple Line experience. Excellent opportunity. Salary open. Write: Z-64, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

BROKERAGE ACC'T. EXEC.

N. Y. broker with heavy commercial and industrial experience in fire, casualty, inland & surety desires position with energetic brokerage firm, agency or carrier. Highly qualified—relocate. Write Z-66, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

MULTIPLE LINE PRODUCER

Desires more challenging management potential. Has executive experience—11 years Multiple Lines—4½ years management and state development. Married—Purdue graduate—age 38—will relocate. Write Z-68, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

OFFICE SPACE—CHICAGO

Will sub-lease at attractive rate. Fine air-conditioned office space located in leading insurance building. About 500 sq. ft. with private office. Write Z-69, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

SURPLUS COMPANY WANTED

Large Phila. Agency wishes to represent Stock Company not admitted in Penna. for surplus and capacity lines. Fire, Casualty some Inland Marine. Write Z-70, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Multiple Line Company, wanting to write volume of profitable business in Kansas and some of the other Midwest States; contact immediately. Write Z-71, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

INSURANCE ACCOUNTANT

Home Office Accounting Department of rapidly expanding multiple-line insurance company in western Michigan desires experienced insurance accountant, able to prepare convention statements. Salary range to \$7,500 depending on experience. Excellent potential. Send resume in confidence to Z-72, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FIELDMAN AND UNDERWRITER

Large multiple line Stock Insurance Company wishes to employ Fieldman for Denver, Colorado office and Casualty Underwriter for its Great Falls, Montana office. Company well established in both areas. Please furnish resume to Z-74, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

CASUALTY MANAGER

Highly successful, major, national multiple line company seeks an experienced casualty (preferably including workman's compensation) underwriter as casualty manager. West Coast location. Minimum of 8-10 years' underwriting experience with at least a part supervisory. Outstanding opportunity for the right man. Please send complete details in confidence to Z-75, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

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MANAGER OF OPERATIONS OR ASSISTANT TO PRESIDENT

Growing medium-sized company with continuous policy, direct billing subsidiary needs man under 45 with executive experience who is able to be a leader on top management team and to plan future operations for both companies. Necessary to have managing experience in at least two of these departments—Sales, Underwriting and Claims. If you qualify and are willing to start at reasonable salary with promising future, we would like to talk to you.

Answer must contain personal data and detailed summary of education and business experiences. Personal interview will be arranged after consideration of this information. No investigation will be made until after personal interview. Our Employees know of this ad. Write Z-49, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

INSURANCE COMPANY STATE AGENT

Multiple Line, A rated Insurance Company expanding operations to Indiana. Need experienced, aggressive fieldman for development, with full branch office operation ultimate aim. A real opportunity for a qualified man with agency contacts and familiar with state rules, rates, and coverages.

Salary open. Contact Personnel Dept. Commercial Standard Insurance Company, P. O. Box 12216, Fort Worth, Texas, by letter only. Enclose photograph if available.

UNDERWRITERS

Fire—Automobile—Casualty

A growing and very progressive southern company—Multiple Line Including Life offers an exceptional opportunity for young and experienced fire, automobile or casualty underwriters. If you would like a chance to grow and become a part of an aggressive organization and located in one of the finest cities in the South then this is your opportunity. Write Z-77, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois, giving name, age, experience and references. Replies will be kept in strict confidence.

WANTED—ADJUSTER

Independent adjusting firm Las Vegas, Nevada has opening for material damage adjuster, two years experience required, \$400-500 monthly guarantee plus percentage of billings and other benefits depending on qualifications. Write to Z-31, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

INLAND MARINE UNDERWRITER

Fine opportunity for man with 3 years minimum experience in Cleveland office of multiple line stock company. Knowledge of yacht, outboard and homeowners desirable. Our employees aware of this ad. Write in confidence to Z-59, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

PROPERTY UNDERWRITER

Medium sized capital stock company has interesting vacancy for a capable young man who is interested in growing with our expanding organization. Individual selected must have a minimum of three years property underwriting experience and two years of college training. Interest and willingness to broaden experience, increase his knowledge is essential. Position located in northern Illinois. Relocation at company expense. Please furnish full details to Z-35, National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

SPECIAL AGENT

A progressive and growing Multiple Line Group including Life offers an exceptional opportunity and challenge to an experienced and qualified fire and casualty representative for position as State Agent in Georgia or Louisiana to introduce our exclusive Account Selling program and package policies. If you want to get out of the rut and have a place with an aggressive organization with something to offer, then write Z-81, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois, giving name, age, experience and references. All replies will be kept in strict confidence.

B. & M. UNDERWRITER

One of the country's largest multiple line stock companies entering the Boiler and Machinery field needs experienced man to head up this underwriting unit. Excellent opportunity for man desiring immediate responsibility for information and development of such operation. Replies will be held in strict confidence. Write stating full qualifications to Z-82, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

NEBRASKA OPPORTUNITY — MULTIPLE LINE

FIELDMAN—Position available for qualified man 30-40. Well established agency plant, reputable Stock Company with excellent fringe benefits. Send experience, salary requisite and resume to Z-39, National Underwriter Co., 175 W. Jackson Blvd. Chicago 4, Illinois.

Panels To Feature Insurance Lawyers' Meeting

(CONTINUED FROM PAGE 2)

shoreman's action against a vessel owner, in which a third party action is brought against the stevedore employer. A. E. Freedman of Philadelphia will represent the longshoreman, Joseph M. Cunningham of New York the vessel owner, and Daniel Huttenbrauck of New York the stevedore employer.

The A&S committee, of which James K. Honey of Esso Standard Oil is chairman, will present a panel on how the medical examiner looks at accidental death. Samuel M. Lane of New York, Walter M. Clark of St. Louis, and Dr. Milton Halpern, chief medical examiner of New York City, will be the panelists.

A panel on practical preparation of a workmen's compensation case will

be staged by the WC committee, of which John R. Couch of Oklahoma City is chairman. Panelists are L. A. Airola of San Francisco, representing the claimant, and D. M. Jackson of Kansas City, representing the respondent.

The committee on nuclear energy insurance law, of which Ashley St. Clair of Boston is chairman, will have a panel on a pre-trial hearing in a suit for damages due to radiation injury. Judge Weber of the federal district court at St. Louis is the moderator, and Emile Z. Berman of New York and George A. Kuittinen of Los Angeles are panelists.

The program of the fidelity and surety committee, of which E. Vernon Roth of Surety Assn. of America is chairman, will consist of a talk by

Robert R. Hume, general counsel of Seaboard Surety, on the field attorney's functions in the handling of contract bond claims, and a panel on the problems of contractors and sureties with Capehart military housing projects. John J. Malley, vice-president of National Surety, will moderate the panel. Panelists are Kahl K. Spriggs of Washington, D. C., Jack Hart of New York, Thomas H. McGregor of United Pacific at Kansas City, and F. L. Kenney Jr. of St. Louis.

Air Crash Panel

The aviation and casualty committees will present a discussion of fault in an airline crash. George I. Whitehead Jr. of U. S. Aviation Underwriters is chairman of the aviation committee and Albert L. Plummer of Kansas City of the casualty group. Judge Matthes of the U. S. appeals court at St. Louis is the moderator. Lee S. Kreindler of New York will represent the plaintiff, Wilder Lucas of St. Louis the airline, and J. Paul Coie of Seattle the manufacturer.

The rules and procedure and trial tactics committees will show how to prepare and try a tort case against the government. Richard W. Galiher and Charles E. Pledger Jr., both of Washington, are the two chairmen. Judge Bastian of the U. S. appeals court for the D. C. circuit is the moderator. L. G. Davidson of Chicago will represent the plaintiff, and John J. Finn, pre-trial examiner of the federal district court for District of Columbia, the government.

Welcome D. Pierson of Oklahoma City is chairman of the section.

In addition to a reception Sunday for committee chairmen, the annual dinner dance will be held Tuesday evening.

\$1 Million Crop-Hail Loss For Montana

A hailstorm in the Glendive, Mont., area caused crop insurance loss estimated at more than \$1 million. There was also extensive property damage in the city of Glendive.

The hail was accompanied by 70 mph winds and rain which freshened the grass and caused Agricultural Commissioner E. C. Wren to say this will give the grasshoppers more pep and add to the farmers' woes.

Conn. Legislation

The Connecticut legislature has passed a bill to provide that instruction by parents with five years of driving experience constitutes sufficient evidence for a teenager's driving license. The new law still permits driver education in secondary schools but the change is regarded by insurance observers as weakening highway safety.

Another new law precludes indemnification in fellow-employee suits between fellow municipality employees.

Still another bill that went through provides that any heart condition or hypertension resulting in temporary or total disability that develops after successfully passing the physical examination to get into fire or police department shall be considered suffered in line of duty.

Sommers Is Advanced

Otho L. Sommers has been elected vice-president of Towers, Perrin, Forster & Crosby, reinsurance brokers and employee benefit plan consultants and actuaries, Philadelphia. He joined its reinsurance division 14 years ago. Formerly he was with Reliance.

Hawkins Joins Menner As Underwriting V-P

Ray Hawkins has been named vice-president in charge of fire and casualty underwriting for Leo B. Menner & Co., Lloyd's correspondents of Chicago.



Ray Hawkins

Mr. Hawkins has been at Lloyd's for 18 years and is a member of Wright, Deen & Co., London brokers for the Menner organization. He has specialized in the placing with underwriters business emanating from the U.S.

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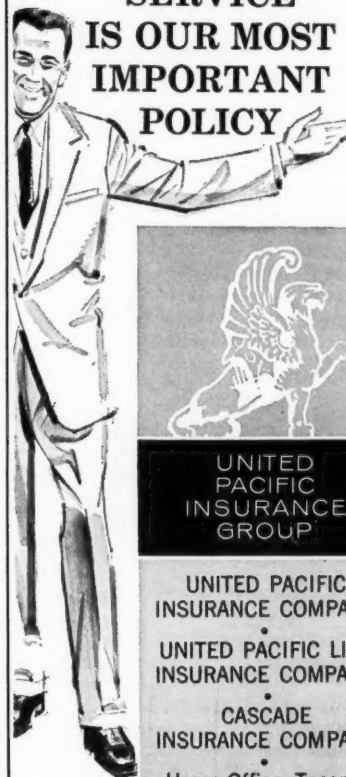
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Lapse In Income Dramatized

Springfield-Monarch is concentrating on sales promotion pieces which the agent can use in sales interviews on A&S. The pictured folder is designed to place the problem of continuing the prospect's income vividly before him, to demonstrate that it is "his problem" and to show him how the company's plan will help to solve it. The cover picture of a man in a wheelchair goes right to the point, putting the sales presentation in focus. The inside left page makes the point that everything the prospect has depends on his income and raises the question of the effect of disability. A list of common diseases and injuries is included, any one of which can be the cause of a long, serious and recurring disability. The folder points out that the company's plan will pay family bills month after month and that it is non-cancelable and guaranteed for life at a fixed premium. The back cover explains in full the coverage and conditions and has space for premium quotation. Despite the success of this folder and others, the company feels that no promotion piece alone will make a sale. That must be done by the agent. However, the company believes that his job is eased by provision of the best coverages and the most graphic sales tools to use in explaining them.

Scores Licensing Laws

John Rosenkrans, president New York Mutual Agents Assn., in a recent issue of the association's monthly publication, the Triangle, pressed for stricter licensing requirements for brokers. In support of a committee assigned by the association to study this problem, Mr. Rosenkrans urged a high school diploma and a longer period of specialized schooling and apprenticeship as minimum requirement for taking the state examination. The committee believes that the examination being used should be bought up to date.

W. Va. Agencies Merge

DeVan & Co. and Gallaher & Sutherland, Charleston, W. Va., agencies, have merged. Officers of the new firm will be R. P. Devan, president; DeWitt C. Gallaher and Frank Drumheller, vice-presidents; Edward Underhill, treasurer, and John C. Shonk III, secretary. Offices are in Nelson Building.

N. J. Underwriters Elect

Casualty Underwriters Assn. of New Jersey at its annual meeting elected Joseph R. Peschel, Maryland Casualty, president; David P. Myers, Aetna Casualty, vice-president; Edward M. Ozanick, Hartford Accident, treasurer, and William R. Van Nortwick, Pacific Employers, secretary.

Named to the executive committee were John T. Kelly Jr., Ohio Casualty; Andrew Nelson, American Casualty, and Bernard R. Schneider, Royal-Globe.

Two Join Merritt Co.

Robert M. Eadie and J. D. Gamboa have joined the Merritt Co. of Santa Monica, Cal., Mr. Eadie to manage the division and Mr. Gamboa to edit rate revisions for the Merritt manuals.

Mr. Eadie has had experience as an agent, both on his own and with the J. O. Youngfleisch agency of Los Angeles, while Mr. Gamboa has been in the underwriting department of Hartford Fire at Los Angeles.

America Fore Loyalty Changes Made In West

Robert A. Stanforth has been appointed a special agent of America Fore fire companies at Oakland to succeed Carroll V. Campbell. He has been in the engineering department.

Mr. Campbell has been transferred to Phoenix as special agent under Manager John F. Cabossel. John A. Sanderson has been appointed a special agent at Phoenix. Previously he had been in underwriting there.

W. F. Bradbury, manager of Loyalty group at Phoenix, has been transferred to Seattle.

Fisher-Brown Buys Agency

Fisher-Brown agency of Pensacola, Fla., has bought the United agency of that city. The latter firm was owned by Edward J. Parker, who is vice-president of American Fidelity Life. Mr. Parker will now devote his full time to the life company.

Central Mutual Wins Ad Award

Central Mutual of Van Wert, O., received the premier award for the most outstanding direct mail program from National Advertising Agency Network at its annual management conference at Colorado Springs. This is the second consecutive year that Central Mutual has won the top award. It won from among entries submitted by 35 advertising agencies participating in the contest.

Central Mutual's direct mail program was under the supervision of Herbert D. Kephart, agency secretary, and was submitted by Howard Swink Advertising, Marion, O.

Standard Accident Names Tully And Boersma

Standard Accident has advanced James A. Tully to executive assistant, casualty and property claims, at the home office, and has advanced Henry H. Boersma to assistant manager of the claim department at Chicago.

In the 11 years Mr. Tully has been with Standard Accident, he has served as claim representative, branch office attorney and assistant manager for the Chicago claim department.

Mr. Boersma's 11 years of insurance experience have been spent at Standard Accident's Chicago branch. He has been claim representative and casualty claim supervisor.

Groce New President Of Defense Research Institute

Defense Research Institute, a defense counsel organization sponsored by International Assn. of Insurance Counsel has elected Joshe H. Groce, San Antonio, president to succeed the late Lewis C. Ryan, Syracuse. Kraft W. Eidman, Houston; Alvin R. Christovich Jr., New Orleans, and William A. Gillen, Tampa, were chosen vice-presidents, and Mr. Gillen was also named a trustee.

Allstate Appoints Illingworth

Allstate has named John Illingworth, regional manager at Vancouver, B. C. The Vancouver office services British Columbia, Alberta and Saskatchewan. Mr. Illingworth joined Allstate in Toronto in 1953 and was named management trainee in 1954. Two years later he was appointed district sales manager at Toronto.

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Editorial Comment

The 'Lapse' Rate In Automobile

The survey conducted by National Assn. of Insurance Brokers to determine how members liked the safe driver plans and how well they are working elicited replies which indicated a fairly well defined pattern. Producers in those territories where the safe driver plan has been introduced only recently were the most critical. Where the plan had been in effect a year or more, producers expressed more favor. The older the plan the more favorable the comments.

Where the plan was well seasoned, producers generally characterized it as effective in holding automobile business. This is interesting. In today's intensely competitive insurance market, one of the substantial but largely

unpublicized costs of doing business is produced by any considerable shifting of policies from one company to another. This would compare, in an approximate way, with the lapse rate in life insurance. The life business watches this key index in that field very closely and does all it can to hold it down. Frequent changes of company by automobile insured—or homeowners, A&S, and other lines, for that matter—also represent a seemingly "needless" expense. Other things being equal, the renewal ratio of fire and casualty coverages could very well mean the difference between doing well and not doing well for the company—and for the agency as well. —K.O.F.

The Answer: Don't Have An Accident

It is not surprising that in Massachusetts, where consideration is being given to establishment of a merit rating plan for automobile insurance, apprehension is being expressed over who will pass on the question of negligence when rate surcharges are in order. In many accidents fault is clear and assessable. In many it is not. In fact, in many accidents the participants—and even observers—do not have a correct impression of what happened, let alone know who was at fault, or who was most at fault.

In the country's first compulsory state, the insurance commissioner has said that insurers cannot be allowed to exercise final authority over the question of tort. He has even offered to devise a quasi-judicial mechanism for settling controversies over "unfair" assessments of fault.

Companies writing the bureau safe driver plan contend that the matter of fault is of less concern than the much more important fact of accident. If insured is involved in an accident, statistics show that he is more apt to be in another than insured who hasn't had one—whatever was at fault. They have found also that if insured

is caught in a serious traffic violation, he is very apt to find himself in an accident. The percentage of fatal accidents in which traffic rules are being violated is astonishingly high.

Perhaps it is time to look on the automobile accident as juries, judges, lawyers, doctors, and society generally have come to regard it—an event the economic consequences of which should be liquidated or alleviated, whoever is at fault. As it has turned out, the alleviation is mostly by way of insurance. Since in practice the negligence system has almost disappeared from automobile liability, accidents become a matter of money and not of old-fashioned equities. We are not advocating the measurement of accidents solely by the dollar. But the realities of the situation are that this is, pretty much, what is being done. The man who is in an accident owes for it.—K.O.F.

Columbus, O. Board Elects

H. Thorp Minister has been elected president of Insurance Board of Columbus, O. William H. Alberschardt is the new vice-president; Douglas Klie, treasurer, and A. O. Wing, secretary.

Personals

Vernon C. Dargan, west coast vice-president of Gulf group at Los Angeles, was honored at a testimonial luncheon. The event commemorated his having completed 50 consecutive years in the insurance industry. The head table included former California Gov. Goodwin J. Knight and Commissioner F. Britton McConnell. Master of ceremonies was Albert H. Wood, executive director Western Insurance Information Service.

In 1911, Mr. Dargan entered the business with Cochran, Thomas & Co. at Dallas. He went into the local agency business there in 1915, but returned to company ranks as a field man in Texas for Gross R. Scruggs & Co. three years later. Named special agent in Texas for National Union Fire and National Union Indemnity in 1920, he became state agent for these companies in 1921. He was transferred to Los Angeles in 1927 and resigned in 1928 to join Gulf there.

Mrs. Betty Ellis has been named Insurance Woman of the Year by Nashville Assn. of Insurance Women. Selection was based on outstanding service to the organization. Mrs. Ellis, who is with Boston in Nashville, has been a member of the association three years and is now 2nd vice-president.

W. L. Sundstrom, associate general manager of Factory Insurance Association at Chicago, has returned from a 10 day business trip to London. Mr. Sundstrom celebrated his 40th anniversary with FIA on July 18, and the occasion was duly recognized by his friends and associates.

Jack Butterick, assistant secretary Michigan Assn. of Insurance Agents, has been elected to a four-year term on the alumni council of Olivet College, his alma mater. He will direct alumni fund solicitation.

basketball star, he was on the all-Big 10 team in 1951 and played professional ball with the Milwaukee Hawks and the Minneapolis Lakers.

C. SCOTT GARRETT, 84, who founded the Garrett-Reed-Felton agency at Tiffin, O., in 1924, died at St. Cloud, Fla., where he was living in retirement.

OSCAR L. SAPP JR., 64, president Sapp, Bowman & Teague, adjusters of Greensboro, N.C., died at his home. He had been in insurance since 1919, starting with Aetna Casualty. He formed his own independent adjusting firm in Greensboro in 1940.

Mrs. WALTER P. DOLLE, 86, widow of the founder of the Walter P. Dolle agency of Cincinnati, died. Mr. Dolle died in 1948.

HARVEY O. SNOW, 68, manager of E. D. Smith & Sons general agency at Salt Lake City from 1926 until his retirement in 1958, died there of a heart ailment.

R. L. HAMSENN, 47, Los Angeles manager of Standard Accident and for many years assistant manager there of Glens Falls, died at St. John's Hospital, Santa Monica, after several months of ill-health.

CLARA C. UTTER, 56, who operated the Utter agency at Portland, Ore., died of a heart attack.

BRIGGS BRANNING Sr., 64, president of Branning agency, Miami, died of a heart attack while working his hunting dogs in the field. He established the agency in 1926. Mr. Branning was president of Greater Miami Insurance Board in 1937 and 1938.

FRANK MUEHLSCHUSTER, 89, who has operated the Muehlschuster & Jaier agency at Kansas City, died. He started in the business with his father's agency 75 years ago.

Bank Group Institutes Audit Control Program

The Assn. for Bank Audit, Control & Operation will institute a national program in the fall to help banks install sounder internal audit systems to counteract the recent wave of frauds and embezzlements. Among organizations supporting the program are Federal Deposit Insurance Corp., the Comptroller's office, the Federal Reserve System, and the FBI.

The program began experimentally in April when a loss prevention clinic was conducted in one of the association's local conferences. The association will sponsor similar clinics in every state. They will include detailed presentations of audit control procedures in such areas as basic internal safeguards, assets, liabilities, income and expense. Question-and-answer sessions will be included.

Cherokee Names Two

Cherokee has appointed Jack E. Gryder state agent in Mississippi with headquarters at Jackson. He had been in the home office claims department. William F. Ketron has been named state agent in Alabama with headquarters to Birmingham.

Zurich is making an over-all reduction in meritmatic auto rates in Alabama and Colorado effective Aug. 1.

Deaths

DON J. SUNDERLAGE, 31, local agent at Elgin, Ill., died after an automobile collision near Lake Geneva, Wis. A former University of Illinois

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Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Aetna Insurance put on a one-man show in the fire-casualty stock list last week, spurring 8½ points to close Friday at 124 bid. Otherwise the heavy play continued to be in the life field. Leaders there continued to plunge ahead. Large blocks were hunted. Trading positions of the professionals were cleaned out and bidding was aggressive. Many issues were strictly on the bid side, with no stock offered. This was true for instance of Provident Life & Accident and Security Life & Trust. There was a search for stocks that had not moved up proportionately to the rest of the list and were selling at more modest multiples of earnings and more closely to net worth. The ready supply of these was soon exhausted and they went on the bid side. For instance Wisconsin National Life at less than net worth and 15 times earnings was wanted in quantity at 40. A Milwaukee firm circularized owners bidding 70 for Old Line Life.

Gulf Life was heavily bought and ran up to 32½ bid Friday. This comes close to the price of 34½ that the Murchison brothers contracted to pay for 16% of the stock of Gulf several years ago when the market on Gulf was 25 and when the federal income tax issue was haunting the life stock market. This caused many a gasp at the time but the Murchisons had serene confidence in the compounding power of life insurance and that time would not only make them well but let them rejoice.

Another purchase that time and compounding have now justified in the market is that of the 52% of Northwestern National Life by Nationwide Corp. Nationwide Corp. paid as high as \$103 per share for control stock several years ago. Subsequently the free stock of Northwestern National sold down into the 60s. Now the stock is 112 bid and scarce. Nationwide Corp. closed last week at 35. Its low for this year was 28 and the high was 40.

Incidentally, the New York Times July 16 ran a personality study of Murray Lincoln, head of Nationwide Corp. and the Nationwide insurance companies (control of Nationwide Life is held by Nationwide Corp.). The author refers to Mr. Lincoln as "the 69-year-old dynamo, who also has been described as a combination of evangelist and shrewd Yankee trader."

North American Life of Chicago was aggressively accumulated. A fund, it is said, acquired several thousand shares. The Illinois Co. advertised a study on it. This is in a popular price range and it closed Friday at 22 bid, up 3 for the week. Also stimulating to the market was a letter from the management reporting that June sales were \$10 million, an all-time record.

Great American Life Underwriters for the second successive week added 100 points and went out Friday at \$1,600 bid. Franklin Life, of which it owns control, was up 14 for the week. Continental Assurance gained better than 20 points. B.M.A. was up 5, Connecticut General 22, Jefferson Standard 2, Lincoln National 12, Monumental 7, Travelers 12, U. S. Life 4½. Transamerica came to life and was up 3. California-Western States gained 8.

Besides Aetna Insurance, gainers in the fire-casualty list were Employers Group, plus 4; General Reinsurance, 6, Phoenix, 2½, and St. Paul, 2½. American Insurance lost 3 points of its recent fast runup. Fireman's Fund, Hartford and National Union were lower.

—|||—

A. M. Kidder & Co. released its "Comparative Study of Life Insurance Companies" penetratingly prepared by K. D. Weed.

Especially combed over was the table giving bid price 6/7/61, adjusted earnings, price times earnings, indicated net worth, price times net worth. Fanciest item on a price times basis was Continental Assurance at 47.26. Since then the market has advanced 40 points and the multiple was 60. Next was Government Employees Life, on June 7, 47 times and now with the market at 110 (up 25 points), the ratio is 60 times. Lowest multiple on June 7 was Monumental Life at 11.62, then came Great Southern 11.93, Northwestern National 12.06, Southland 13.05, Volunteer State 13.13, Mass. Indemnity 13.15.

On a price times net worth basis the multiple ranged from 8.92 for Government Employees to .89 for Wisconsin National. Mr. Weed says in his preface:

"We adhere to the opinion that life insurance stocks are reasonably valued when they sell from approximately 15 to 20 times net operating earnings adjusted to include a value for the annual gain in insurance in force, and at approximately 1½ to 2 times indicated net worth which includes an estimate of the value of insurance in force. It is reasonable that stocks of companies showing better than average gains in earnings, capital funds, and insurance in force will sell at somewhat higher multiples. This will be especially true when the greater than average gains are attributable to increased writings of whole life and endowment policies rather than the other less profitable forms of insurance.

"However, at the present time, the stocks of some companies which have relatively small capitalizations, which follow a policy of declaring small stock dividends nearly every year in preference to larger ones at less frequent intervals, and which have shown percentage-wise substantially greater than average gains in insurance in force, are selling from approximately 30 to 50 times adjusted earnings and at approximately 4 to as high as 9 times indicated net worth. In our opinion, these stocks are too fully priced and should be sold in favor of the purchase of more reasonably valued issues.

"We also, as a general rule, look with disfavor on the purchase of stocks of relatively young life companies. During the last ten years the number of life companies in the United States has more than doubled, and there is keen competition for available business. It requires several years for a new life company to build a sufficient volume of insurance in force to assure profitable operations and during this period additional offerings of stock are usually necessary to maintain capital funds and reserves.

"It is our opinion that over the longer-term holders of the highly regarded stocks of the leading, well established companies which generally sell at reasonable multiples of earnings and net worth will be fully rewarded."

Life Companies Inc. has made a penultimate distribution to stockholders of

\$2.77 per share. Previously there was a \$10 payment in liquidation. A residue has been retained for taxes and claims and from this there may be a final payment to stockholders of as much as \$1. The proceeds came mainly from the sale of Atlantic Life to Southwestern Life. Earlier, Life Companies had distributed one-quarter share of Lamar Life for each share of LCI. The market on Lamar last week was \$56, so on that basis the LCI stockholder may have realized nearly \$28 per share. In 1955 there were offered to the public 340,000 shares of LCI at \$18 and there were subsequently stock dividends totaling 17%.

Shelby Cullom Davis in a recent letter states that the Atlantic Life sales price was 10.6 times 1960 adjusted earnings. He also estimates that the price represents a payment of about \$23 for the insurance in force, 95% of which was ordinary. Mr. Davis thinks Southwestern made a very advantageous purchase. Negotiations were being conducted before 1960 results became known and on the basis of 1959 figures the price looked higher. For example the price paid for insurance in force would have been about \$30 per thousand. He says that Southwestern is raising the \$29 million purchase money internally and it is expected that this will have been generated before the year is out.

Many of the professionals continued to be cautious, especially as they noted mounting public appetite for the life stocks. There was fear that unsophisticated investors might commence simply buying numbers without reference to actual earnings and reasonable prospects. Of course many of these tend to run scared, wondering where the buyers will come from when and if the market turns sellers. The professional trader likes an active but steady market with buyers and sellers in balance. He often misses the big moves.

Investors Variable Payment Fund Inc. increased its holdings of B.M.A. from 35,000 to 43,750 shares and Liberty National Life from 20,000 to 26,666. These came about by virtue of stock dividends.

Crum & Forster announced a proposal for a 100% stock dividend and the stock moved up 4 points to 98 bid.

American Druggists Insurance had 1,200 shares of its stock to offer at \$70 to its present stockholders. This was quickly taken up. This came from a selling stockholder.

Moody's Stock Survey July 17 listed Insurance Company of North America and Security Life and Trust among six "stocks promising for long-term growth."

The Commercial and Financial Chronicle July 13 had a writeup on Travelers Insurance, estimating that the 1961 earnings for the group should reach \$9-\$10 per share.

International Adds \$7 Million Surplus

International of the Crum & Forster group has sold 1,000 additional shares of common stock and with the proceeds is increasing capital from \$1 million to \$2 million and adding \$7 million to the surplus account.

The additional funds will increase policyholder surplus to approximately \$13.4 million. The additional funds will enable the company to assume a greater participation in the business of the group, according to Thorin T. Grimson, president.

C.&F. Plans 100% Stock Dividend

Directors of Crum & Forster have recommended doubling the number of outstanding shares from 1.5 million to 3 million, subject to approval of stockholders at a meeting Aug. 15. The par value of each share would be reduced from \$10 to \$5.

Directors declared a dividend of 40 cents on the \$5 stock, payable Sept. 9 to holders of record Aug. 24. This compares with a 60 cent quarterly rate on the \$10 stock. The 40 cent dividend is subject to approval by stockholders at the Aug. 15 meeting.

Boston's Tex. Business To Cravens, Dargan

The recent merger of Floyd West & Co., Dallas general agency, with Crum & Forster terminates a 15 year association with Boston group. Cyril S. Hart, Boston president, stated that the group does not intend to replace its representation in the West agency. As of July 1, Texas local agency business is being written through Cravens, Dargan & Co., Houston general agency, which has represented the group since 1932.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, July 18, 1961

	Bid	Asked
Aetna Casualty	134	139
Aetna Fire	124	127
American Equitable	21½	23
American, Newark	31	32½
American Motorists	21½	24½
Boston	36½	38
Continental Casualty	109	111
Crum & Forster	98	103
Federal	75½	77
Fireman's Fund	66½	68
General Re.	138	143
Glens Falls	43	44½
Great American	56½	58
Hartford Fire	71½	73
Hanover	44	45½
Home of N.Y.	58	59
Ins. Co. of No. America	94	96
Jersey Ins.	35	37
Maryland Casualty	42	43½
Mass. Bonding	44	46
National Fire	136	140
National Union	47½	49
New Amsterdam Cas.	90	Bid
New Hampshire	57	59
North River	46½	47½
Ohio Casualty	28	30
Phoenix, Conn.	114	116
Prov. Wash.	23	24
Reins. Corp. of N.Y.	23½	25
Relliance	62	64
St. Paul F. & M.	76½	78
Springfield F.&M.	38	39
Travelers	142½	145
U. S. F. & G.	58½	60
U. S. Fire	35½	36½

Lyle Adjustment Moves Into New Home Office

Lyle Adjustment Co. of Arizona has moved into its own building at 2000 North Seventh Street, Phoenix, at the same time setting up a Phoenix branch office at the same address. The branch is supervised by G. S. Wade, who has been with Lyle Adjustment for seven years and has been in the adjusting field for 27 years.

Lyle Adjustment is owned by W. L. Mercer, president and general manager; G. J. Panarello, vice-president and treasurer, and W. C. Robinson, vice-president and secretary.

Daum Has New View Of Foreign Insurance

(CONTINUED FROM PAGE 30)

in foreign countries in contrast with the U.S. For example, in Germany, agents do not own their own business and work strictly as commission salesmen for the company. However, the commercial code of Germany contains rules covering the valuation of an agent's business in the event that he and the company terminate their relationship.

Automobile insurance is one of the major problems in Germany. It is competitive and unprofitable. In theory, the company must write any applicant's insurance, and this creates some underwriting problems. However, automobile regulations are changing, and the German executives were interested in U. S. assigned risk plans which they feel may have to be introduced next year.

Another interesting observation made by Mr. Daum in relation to insurance to value was the German solution to the problem of inflation. The Germans, with customary efficiency, solved this problem. Their policy is on a full replacement basis and in effect has a 100% coinsurance clause.

All property is insured in relationship to 1914 values, and the amount of insurance and the premium are directly related to this value by an index system, measuring the degree of inflation. While the rate is fixed for a five or 10 year term, the premium and the amount of insurance varies with the index. Currently the index

is at 440% of 1914 values.

Mr. Daum reported that the Swiss have taken a little bit of all the various insurance systems and ideas in use throughout Europe.

A Swiss merchant named Duttweiler, starting from one little store, has built up a chain similar to U. S. supermarkets and known as migros. Some of these stores have recently branched out into other forms of merchandising. Mr. Duttweiler had been carrying on negotiations with Allstate. Through his merchandising outlets, sales would be made for the Swiss company then being formed by Allstate.

These negotiations fell through. Mr. Duttweiler went off on his own and formed his own company called Secura. The "regular" companies knew about these negotiations and the fact that this was going to be a highly competitive operation. Mr. Daum thinks they showed typical Swiss ingenuity by their immediate competitive actions. They very conveniently cut their rates, cancelled all their in-force business and rewrote it as of January 1, 1959 for a three-year term. This effectively controlled the business for at least the next three years.

French Peculiarities

Mr. Daum reported that in France the "regular" companies are now competing with about 12 insurers which, although owned by the government, operate in effect as competitive free enterprises. In France there is a 30%

premium tax added to the premiums charged. The insurer acts as a collector and passes the tax money directly to the government.

A central government agency controls insurance in France. These are strict regulations on policy forms, company finances and other matters. Rates, however, are competitive. French companies are compelled by law to cede 4% of their business to a central reinsurance bureau controlled and operated by the government.

Mr. Daum stressed the importance of international insurance in the future of the business and those in it. Everyone is in international insurance to a degree, but whether they are profiting from it is another matter. He said it is estimated that American investments overseas now exceed \$26 billion, generating insurance business in excess of \$100 million.

Mr. Daum also observed that more than \$400 million is being exported either as reinsurance or surplus lines. This situation is receiving the attention of the federal government and of state insurance commissioners.

He concluded with the observation that his trip abroad convinced him that a basic understanding of international economics and an interest in the insurance business as operated in the rest of the world will repay those in the business in the U.S. many times over.

Insurance Institute Of Ind. Reelects Gallagher

Edward P. Gallagher, vice-president and general counsel American States, has been reelected president of Insurance Institute of Indiana. William P. Cooling, president Indiana Ins., is treasurer; H. H. Tudor, vice-president and counsel Indiana Lumbermens Mutual, is vice-president, and Jack J. Rosebrough, general manager Farm Bureau Mutual of Indiana, is secretary.

O. O. Allen, secretary State Automobile, and Carl M. Russell, president Meridian Mutual, were elected with the officers to the executive committee.

Allen Dale, executive vice-president reported on the institute's efforts in the last three years to promote traffic and industrial safety and a better understanding of the industry on the part of the public. He said more than 700 speeches have been delivered on these themes before civic, service, business and fraternal organizations throughout Indiana since October, 1958.

F.&D. Appoints Geesey

Fidelity & Deposit of Maryland has appointed Eugene R. Geesey special agent in charge of a new office at Harrisburg, Pa. He joined the company in 1956 as a special agent at Philadelphia.

Guy Carpenter & Co. Has New Facultative Reinsurance Facility

Guy Carpenter & Co. of New York, reinsurance intermediaries, has organized the Carpenter Management Corp. to provide an admitted facultative reinsurance facility. The facility, to which 16 primary insurers are subscribers (severally and not jointly), will reinsure business normally written by the property departments of insurers, such as fire and allied lines, multiple peril, and inland marine.

The subscribers are Aetna Fire, American, Boston, Fireman's Fund, Great American, Home, North America, International, Maryland Casualty, National of Hartford, National Union Fire, Phoenix of Hartford, Providence Washington, Reliance, Springfield, and Travelers Indemnity.

George G. Nichols, president of Carpenter & Co., is president of the facultative management firm. Other officers are R. C. Chapin, David W. Griffith, and George G. Nichols Jr., vice-presidents; Harold Bass, vice-president and treasurer; Edward H. Bennett, vice-president and secretary; Robert J. Newhouse Jr., Irving Bass, John Nelson, Vincent J. McCarthy, D. Lane Bates, Richard M. Murray, and Michael Bonner, vice-presidents and Stanley J. Higgins, resident vice-president Pacific Coast department, San Francisco.

Mr. Bonner, who is doing the underwriting, joined the firm after 32 years with Royal Exchange and Royal-Atlas-Sun group.

Zurich Promotes Cotter

Zurich has promoted James M. Cotter, senior underwriter, to supervising underwriter at Cleveland. He joined Zurich in 1957 and became senior underwriter in 1958. Earlier he was with the Browning agency, American, and Buckeye Union Casualty, all at Cleveland.

Camden-Gloucester Agents Elect

At its annual meeting, Camden-Gloucester County (N. J.) Agents Assn. elected Richard C. Hardenbert president, Vernon E. Norcross and Louis Girolamo vice-presidents, Dolores Jorcyk secretary, and Vinal A. Johnson treasurer.

Weber Joins Geo. F. Brown & Sons

Daniel W. Weber has been appointed an underwriter in the reinsurance department of Geo. F. Brown & Sons of Chicago. He has been an automobile and general liability underwriter for America Fore Loyalty.

Lawrence H. Orth has joined Industrial Underwriters as senior underwriter at Dallas. For the past three years he has been senior casualty underwriter for Employers Mutual there.

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Reinsurer Reports Leaner 1960 Margins

The job of the reinsurer is to level out the peak profits and losses of primary insurers, Hugh K. Goschen, chairman of Mercantile & General Re of London, stressed in his annual report. Though reinsurers perform an important service to the whole market by providing this help, he said, in recent years there has been a trend toward leaner profit margins in the business. Thus during a period of exceptional losses, as has occurred during the past few years, too large a part of the burden has been borne by investment income.

In 1961, to provide against the possibility of continuing losses and to enable the company to undertake increasing liabilities, Mercantile & General will have to plough back all profit from fire and miscellaneous, and make transfers from investment income to strengthen underwriting reserves, Mr. Goschen said. However, a small increase in the effective dividend has been recommended.

In fire, the aggregate net premium income receded slightly from 1959 under the impact of treaty changes in the British and Canadian markets. In Britain the concentration of the mar-

ket into larger units has had repercussions on the volume of business reinsured, while in Canada measures for improving underwriting experience and reducing administrative costs have had an even greater effect on volume. This effect was largely offset by continued satisfactory development of business elsewhere, Mr. Goschen reported.

Loss experience in Britain also suffered from a number of heavy fires, but overseas business was generally profitable and the fire account closed slightly in the black. Mercantile & General escaped serious losses from such disasters as the Chilean earthquakes, Hurricane Donna and the cyclones over Mauritius.

With the continuing rise in amounts of insurance, reinsurers are having a growing demand for facultative reinsurance, Mr. Goschen said. The tendency toward mergers has not been confined to Britain. Mercantile & General intends to help its ceding offices with simplified reinsurance plans aimed at reducing costs, he said.

Casualty Business Advances

The casualty department showed only a moderate increase of premium income, due to the pruning effect of measures taken in Canada to underwrite excess of loss covers for motor and public liability. Generally, however, the business continues to advance strongly, he said.

With Canadian business showing a profit, the adverse results of the accident account as a whole during recent years have given place to a small surplus, after accounting for outstanding and unknown claims. The heaviest burden lies in employers' liability, Mr. Goschen stated, especially in Australia, where results have been adversely affected by increases in benefits payable under workers' compensation. The company hopes to introduce in Australia a policy which will more equally distribute the rising cost of WC claims between insurer and reinsurer.

Personal accident, fidelity and contract guarantee, and miscellaneous lines all have been profitable, and have combined to give an over-all surplus. But burglary was hard hit by the scale and frequency of armed robberies in Britain, and motor coverage showed similar high losses as a result of heavy accident experience in almost all territories. The latter class and public liability are mainly reinsured by the company on an excess of loss basis, and the unfavorable results they produce are a reflection of increasingly higher damages being awarded to victims of road accidents.

In 1960, there was an apparent deterioration in the claims ratio of marine, aviation and transit business, due to long-term accounting adjustments, Mr. Goschen said. However, similar deterioration did not occur in loss experience, and the business continued to expand rapidly.

He warned of the need for careful selection of marine and aviation risks. Much publicity has been given to the high values of new passenger lines and jet aircraft, he said, and he urged that the company prepare to meet increasing demands for reinsurance.

Essex County Agents Elect

Essex County (N. J.) Insurance Agents Assn. at its annual meeting at the Maplewood Country Club elected William H. Stevens, Bloomfield, president; Mark R. Rosen, Irvington, vice-president; Donald M. Pruden, East Orange, treasurer, and Lawrence Kemp, Newark, secretary.



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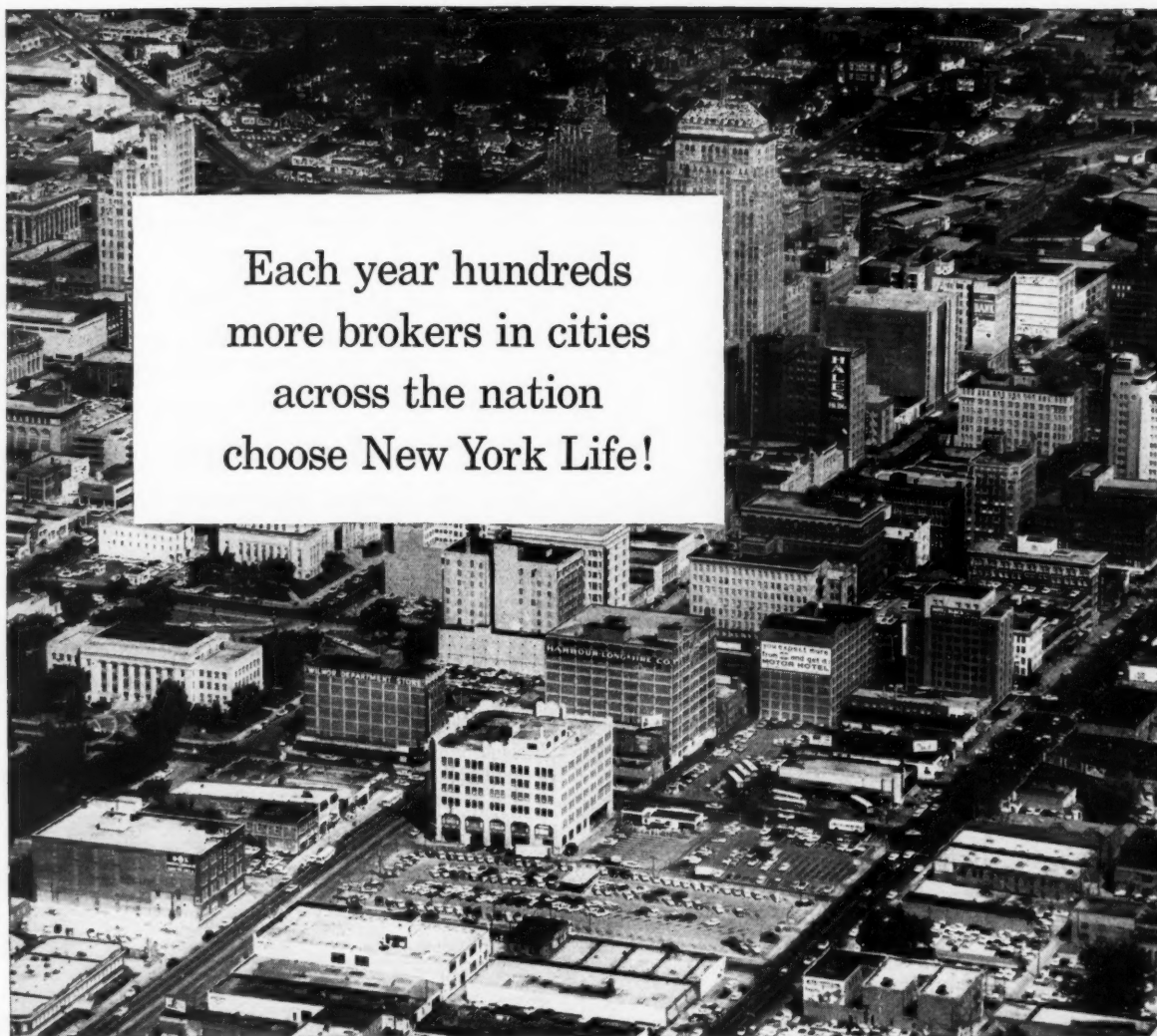
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